REQUEST FOR PROPOSAL

RESPONSE

City of Chicago
Designation as a 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds

PREPARED BY:

Kyle Sneed
Vice President, Institutional Government & Nonprofit Banking

The Huntington National Bank

11/18/2021

Internal Use

November 18, 2021

City of Chicago
Department of Finance
Attn: Reshma Soni, City Comptroller
121 N. LaSalle Street, 7th Floor
Chicago, IL 60602

Dear Reshma:

We at Huntington National Bank are pleased to respond to the City of Chicago Municipal Depository Request for Proposal. We offer a full complement of treasury, liquidity management, portfolio management, card programs, trust and custody services, public finance, and direct financing solutions. We have been an approved municipal depository for the past several years and would be honored to continue in that capacity for 2022. Below we highlight several compelling reasons for 2022 approval:

- **Growing Chicagoland Prescence** – Huntington continues to grow its Government & Nonprofit banking business ("GNPF"), further underscored by our recently completed merger with TCF Financial Corporation ("TCF"), creating a top 25 U.S. bank holding company. With the TCF merger, Huntington added 35 branch and office locations (42 total) and over 250 employees (413 total) in the Chicagoland area.
- **Local community involvement** – Huntington's GNPF team continues to actively support the Chicago community. For the past eight years, we have sponsored Chicago high school interns through the Chicago Summer Business Institute to provide valuable work experience. Huntington has provided 13 high school students with internships; 90% of which enrolled in a university. Additionally, members of the GNPF team serve on various boards, including BUILD Incorporated, the Civic Federation, and Becoming a Man, and provide mentoring to children through Mercy Home. We also lend to and invest in organizations such as Community Investment Corporation, IFF, and Neighborhood Housing Services.
- **Continued growth in mortgage lending** – Mortgage lending activity in 2020 in Chicago doubled to over $1 billion (excluding TCF) and is over four times the amount of lending activity in 2018. Our FHA/VA home purchase originations activity increased from $17.7 million to $21.3 million, an increase of 20% from 2019 to 2020.
- **Small business lending** – Huntington continues to be the largest originator, by volume, of SBA 7(a) loans for the fourth consecutive year at the close of SBA fiscal year 2021. We also developed a micro lending program called Lift Local which provides $1,000 to $150,000 loans at competitive rates with lower credit score requirements and no origination or SBA fees to borrowers in Chicago and

throughout our footprint. Additional details are provided in the Statement of Community Involvement section of this RFP response.

- **Commitment to diversity, equity, and inclusion** – Huntington has committed to a new $40 billion 2021 Strategic Community Plan to address economic, social, environmental, and racial equity challenges. Our 2021 Strategic Community Plan focuses on strengthening small businesses and fostering economic justice throughout the bank's footprint with a focus on under-resourced communities over the next five years. Additional plan detail is provided in the Statement of Community Involvement section of this RFP response.

We are committed to serving the City of Chicago along with its residents and continue to grow our team and capabilities to do so.

As an authorized officer of the bank, I have signed each of the required documents which are true to the best of our knowledge, and after reasonable inquiry. I also acknowledge receipt of Addenda 1, 2, and 3 posted on 10/08/2021, 10/15/21, and 10/26/2021, respectively. Huntington is looking forward to growing our partnership with the City of Chicago.

Sincerely,

Kyle Sneed

Kyle Sneed
Vice President, Institutional Government & Nonprofit Banking
(312) 429-3604

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Our products and services enable our public sector clients to receive maximum value for the public dollar.

We are committed to serving the public sector. We know that you are no different from other business operations, except that in the public sector, the economic climate, public scrutiny of finances, and increased security expenses can present you with greater challenges as you work to keep expenses down, revenues up, and cash flowing. When you work with Huntington, you will have an entire team of professionals, led by a relationship manager in your market who is well-versed in current investment policies and legislative issues.

TREASURY MANAGEMENT SERVICES

Our treasury management services will enhance your operations. Technologically advanced services give timely, accurate balance reporting and allow you to move your funds more efficiently. Our treasury management services will streamline your collection and disbursement functions.

FRAUD PROTECTION

Nearly every organization has had some experience with some kind of fraud. Our fraud protection services help protect you from check and ACH fraud, and keep you informed of the latest fraud issues. Called Business Security Suite, these services reduce your risk, and allow you to show sufficient due diligence to the bank and to courts when you attempt to recoup losses from fraud.

CAPITAL MARKETS

The Huntington Capital Markets Division offers a wide range of products and services, including:

- Investment Banking
- Fixed Income Sales and Trading
- Municipal Bond Underwriting (for both tax-exempt and taxable issues)
- Private Placement Financing
- Individual Portfolio Strategies

Our licensed representatives are experienced in working with political subdivisions and maintaining compliance with state statutes and policies.

PUBLIC ENTITY EMPLOYEE BENEFITS

We can create a single, customized plan to cover healthcare, retirement, and banking services benefits for your employees.

INSURANCE

As one of the top 50 insurance agent/broker agencies in the country, we serve over 10,000 business clients and more than 320 government clients. We offer comprehensive medical insurance, dental, vision, and long-term care insurance, property and casualty insurance, health savings accounts, and retirement plans.

PUBLIC FINANCE

The Huntington Investment Company acts as an underwriter on a variety of municipal tax-exempt and taxable transactions, providing financing solutions tailored to the issuer's specific objectives. We offer municipal notes and bonds for most public entities, including school districts, cities, port authorities, counties, and state agencies. Financing can be short-term (12 months or less) through long-term (more than five years). We have $3.2 billion in public finance transactions.

EQUIPMENT FINANCE

We are one of the fastest growing bank-affiliated leasing companies in the country. Leasing equipment can help you maximize cash flow, minimize and leverage tax positions, optimize financial reporting, and leverage your assets.

RISK MANAGEMENT

Preserving your assets starts with risk identification. Our risk management professionals can help. They will identify your exposures to risk, evaluate the appropriate risk treatment, and help you determine the risk management insurance that will work best for you.

SWORN STATEMENTS

Huntington is proud of its financial performance. Huntington has included files separate from this PDF with both the 10-K for fiscal year 2020 as well as the 10-Q for the second quarter of 2021. The Huntington team also invites you to visit http://huntington-ir.com/fin/10k/ to view prior years' 10-K filings. The City of Chicago can also visit http://huntington-ir.com/fin/10q/ to view past Huntington's 10-Q filings.

If the City of Chicago so desires, additional financial performance information can be found at http://huntington-ir.com/. Such information includes Huntington's annual reports; the Environmental, Social, and Governance Report; and Huntington's Corporate Profile including the Board of Directors and Corporate Officers. The "Publications and Filings" section also features Proxy Statements, SEC Beneficial Ownership Reports, Regulatory Disclosures, and other filings.

FDIC COVERAGE RATES

The Federal Deposit Insurance Corporation ("FDIC") requires banks to provide certain disclosures to their customers. The requirement to provide this disclosure is general for all banks, and is not related in any way to the current or expected condition of any bank.

Funds are insured up to the applicable FDIC insurance limits, which is limited to $250,000 combined with other funds on deposit with Huntington by the same depositor in accordance with FDIC's aggregation rules.

Please see the following page for Huntington's FDIC Certificate.

FDIC FEDERAL DEPOSIT INSURANCE CORPORATION

ABOUT RESOURCES ANALYSIS NEWS

Home > Resources > Data Tools > BankFind Suite > Find Institutions by Name & Location

Help

BankFind Suite Home

Back to Search Results

The Huntington National Bank

Institution Details

Data as of 10/01/2021

FDIC Insured
Since 01/01/1934

FDIC Cert #
6560

Established
01/06/1866

Bank Charter Class
National Banks, member of the Federal Reserve Systems (FRS)

Primary Federal Regulator
Comptroller of the Currency

Secondary Federal Regulator
CFPB

Main Office Address
17 S High St
Columbus, OH 43215

Primary Website
www.huntington.com

Locations
1,454 domestic locations: 12 states and 0 territories.
2 in foreign locations.

Financial Information
Create financial reports for this institution

Consumer Assistance
HelpWithMyBank.gov

Contact the FDIC
The Huntington National Bank

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

Hereby certifies that the deposits of each depositor in

THE HUNTINGTON NATIONAL BANK

COLUMBUS

OHIO

are insured to the maximum amount provided by the Federal Deposit Insurance Act

No: **6560-9**

In testimony whereof, witness my signature and the seal of the Corporation this **22ND** day of **SEPTEMBER, 1995**

Attest: Jerry L. Langley
EXECUTIVE SECRETARY

Ricki Helfer
CHAIRMAN OF THE BOARD OF DIRECTORS

Huntington Liquidity Solutions Portal

POWERED BY GOLDMAN SACHS

Huntington has partnered with Goldman Sachs to provide a cash management solution that delivers a technologically driven, money market portal for optimization of your organization's excess cash balances.

Benefits include:

- Open architecture platform
- Multiple fund families and money market fund options
- Ultra-short and short duration bond fund options
- Singular place to view all fund holdings across fund companies
- Ability to place trades directly in the system
- Consolidated monthly reporting (and tax reporting, if applicable)
- Enhanced analytics and compliance reporting

The portal also complements other solutions available through our Institutional Investments group, such as:

- FDIC-insured programs
- Commercial Paper
- Bonds (government, corporate, and municipal)

Provided free-of-charge and interacts seamlessly with your designated bank accounts

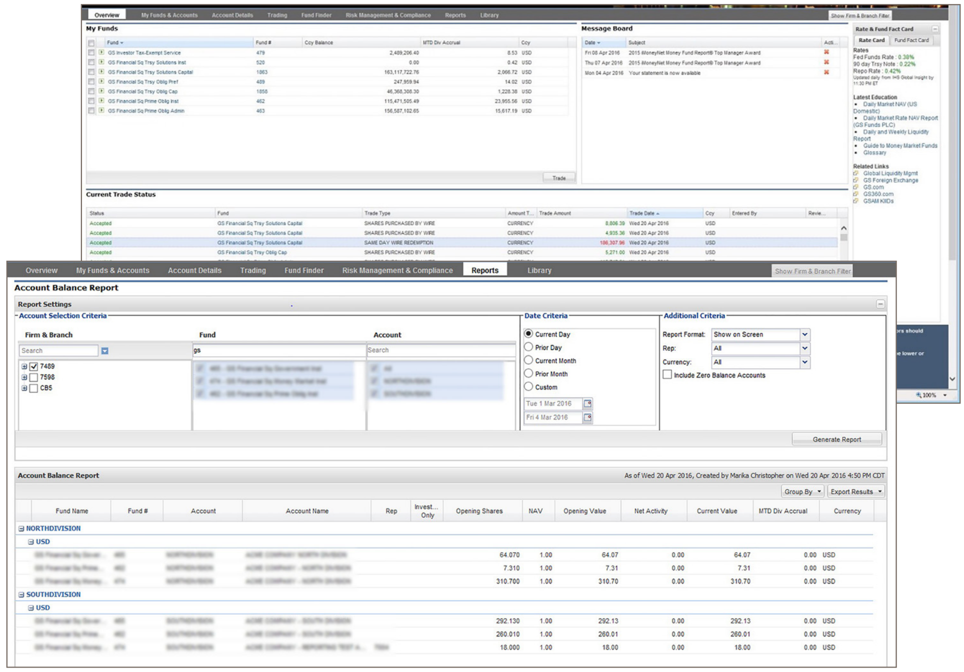
Goldman Sachs

Huntington | CAPITAL MARKETS

Improve Efficiency

Manage your liquidity needs in one place

- Intuitive design provides easy-to-use controls, trading, reporting, and customizable analytics
- Full oversight in one place, from trade entry to settlement
- Customized, flexible, and exportable real-time reporting

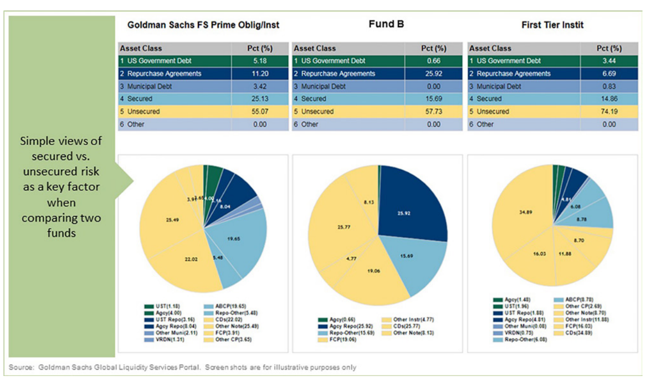


Manage Risk

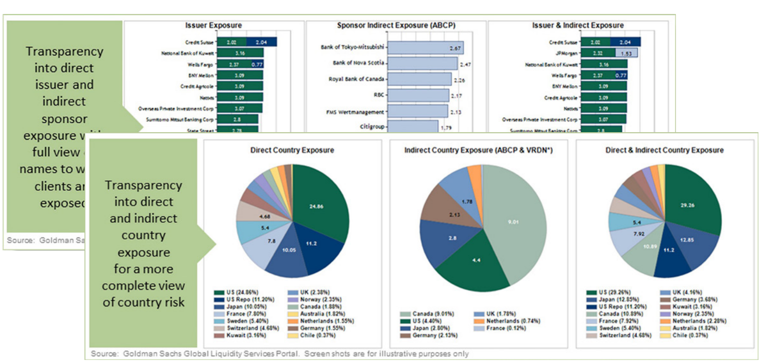
Transparency Insight

Goldman Sachs Asset Management (GSAM) offers an interactive risk management tool, simplifying analysis and providing insight.

The Portfolio Management Insight gives clients a way to think about risk. The individualized Transparency Insight tool provides clients with GSAM's risk management view across their liquidity portfolio.



Source: Goldman Sachs Global Liquidity Services Portal. Screen shots are for illustrative purposes only



Source: Goldman Sachs Global Liquidity Services Portal. Screen shots are for illustrative purposes only

Screenshots are for illustration purposes only.
[1]The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

Risk Considerations

Retail Money Market Funds

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Government Money Market Funds

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Institutional Money Market Funds

You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

THIS MATERIAL DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION WHERE OR TO ANY PERSON TO WHOM IT WOULD BE UNAUTHORIZED OR UNLAWFUL TO DO SO.

Prospective investors should inform themselves as to any applicable legal requirements and taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant.

This material is provided for informational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon the client's investment objectives.

Opinions expressed are current opinions as of the date appearing in this material only.

Transactions in non-Goldman Sachs money market funds are affected by Goldman, Sachs & Co., a member of FINRA, SIPC and NYSE. Goldman Sachs & Co., Goldman Sachs Liquidity Solutions, Goldman Sachs Asset Management, L.P., the Goldman Sachs funds available through Goldman Sachs Liquidity Solutions, are under the common control of the Goldman Sachs Group, Inc.

Mosaic is made available in the United States by Goldman Sachs & Co. LLC and outside of the United States by Goldman Sachs International, or its local affiliates in accordance with applicable law and regulations. Goldman Sachs International and Goldman Sachs & Co. LLC are the distributors of the Goldman Sachs Funds. Depending upon the jurisdiction in which you are located, transactions in non-Goldman Sachs money market funds are effected by either Goldman Sachs & Co. LLC, a member of FINRA, SIPC and NYSE, or Goldman Sachs International. For additional information contact your Goldman Sachs representative. Goldman Sachs & Co. LLC, Goldman Sachs International, Goldman Sachs Liquidity Solutions, Goldman Sachs Asset Management, L.P., and the Goldman Sachs funds available through Goldman Sachs Liquidity Solutions and other affiliated entities, are under the common control of the Goldman Sachs Group, Inc.

Goldman Sachs & Co. LLC is a registered U.S. broker-dealer and futures commission merchant, and is subject to regulatory capital requirements including those imposed by the SEC, the U.S. Commodity Futures Trading Commission (CFTC), the Chicago Mercantile Exchange, the Financial Industry Regulatory Authority, Inc. and the National Futures Association.

Although certain information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness. We have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources.

This material is provided for informational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon the client's investment objectives.

Confidentiality

No part of this material may, without GSAM's prior written consent, be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person that is not an employee, officer, director, or authorized agent of the recipient.

Goldman Sachs

Huntington | CAPITAL MARKETS

STATEMENT OF COMMUNITY INVOLVEMENT

Huntington is committed to serving the people, businesses, and non-profit organizations in the greater Chicagoland area. From driving the local economy with first-rate financial services, to donating time and money toward local causes, Huntington is dedicated to helping this corner of the world thrive.

Huntington has a long and distinguished history of supporting programs throughout Chicago and its suburbs, designed to enrich the community. The breadth and depth of these community efforts range from multimillion-dollar programs aimed at the revitalization of major parts of cities to the individual volunteer efforts of Huntington associates at all levels of the company. These programs are innovative and creative, and thanks to the partnership between Huntington and local governments and nonprofits, they help solve area issues.

KEY INITIATIVES

FINANCIAL LEARNING

In partnership with The Chicago Urban League, Huntington Colleagues conducted several workshops for first-time homeowners. Participants learned about the home buying process and how they could qualify for down payment assistance.

Huntington has also partnered with Mercy Home for Boys and Girls and offered high school students and young adults with classes on budgeting, credit, and savings.

BUILDING STRONGER COMMUNITIES

Huntington colleagues joined forces with Rebuilding Together, Metro Chicago to improve the homes and communities of residents in need so they may continue to live in warmth, safety, and independence. Rebuilding Together provides critical home repairs, modifications, and improvements to residents in Cook County and the City of Chicago. They have found that

Huntington's efforts, particularly when concentrated within a small geographic area, are sustainable and often act as a catalyst for additional neighborhood improvements.

Huntington's Community Initiatives in Chicago

To the right, we have highlighted several Chicago-based causes Huntington partners with by donating time and money to support housing initiatives, social services, education, and economic opportunities in the community.

Huntington's Government and Nonprofit Banking Division has been an active participant in the Chicago Summer Business Institute for eight years in a row, annually sponsoring Chicago high school interns to provide valuable work experience. Over the last eight years, Huntington has provided 13 high school students with internships; 90% of which enrolled in a university. Additionally, members of the City's dedicated finance team serve on various boards, including BUILD Incorporated, the Civic Federation, and Becoming a Man, and provide mentoring to children through Mercy Home.

LIFT LOCAL

Huntington now provides a new loan option with longer-terms, overdraft fee relief, and waived fees so that all business owners from all walks of life, backgrounds, ethnicities, and experiences can succeed in their industry. Huntington is well-versed in the unique challenges faced by woman-, veteran-, and racially and ethnically diverse-owned businesses.

Features:

- Qualify for loan amounts from $1,000-%150,000
- Access to capital at a low cost to your business
- Zero origination fees
- Huntington pays your SBA fees
- Lower credit score requirements
- Free financial education courses ($1,500 value) powered by Operation Hope
- No monthly service fee checking account† with 24–Hour Grace® overdraft and return fee relief††
- Longer repayment terms to help avoid high payments in uncertain times

†We will begin waiving the $20 Monthly Account Service Fee on your Unlimited Business Checking Account in the month you close on your loan under our Community Plan. This fee waiver will continue for thirty-six months or as long as you have an outstanding loan balance, whichever comes first. Only the Account Monthly Service Fee is waived and all other account charges apply as outlined on the Business Account Charges Form.

††Your account will be closed if it is negative by any amount for 60 days, including if your account is overdrawn within our $50 Safety Zone. Learn more at huntington.com/BusinessSafetyZone and huntington.com/BusinessGrace. The 24-Hour Grace system and method is patented: U.S. Pat No. 8,364,581, 8,781,955, 10,475,118, and others pending.

LOOKING OUT FOR OUR COMMUNITIES

Huntington has committed to a five-year, $40 billion Strategic Community Plan to strengthen small businesses and foster economic justice throughout our footprint.

Racial & Social Equity

Allocate significant dollars to minority borrowers and communities to advance meaningful and systemic change.

Community Development Lending & Investing

$6.5 billion commitment in loans and investments to establish programs and services that foster equity in affordable housing, small business financing, and community services; $2 billion will focus on minority initiatives.

Home & Consumer Lending

Affordable housing and consumer lending goal of $24 billion; $12 billion is committed to meeting the needs of minority and under-resourced populations.

Small Business

Expand lending programs into our new footprint and commit $10 billion; $2 billion will focus on lending to minority-owned businesses or businesses operating in majority-minority communities.

SECURITY PROTOCOLS

Huntington is a federally-chartered institution and in all material respects in compliance with all laws, rules, and regulations of the state Illinois to the extent that they are applicable to Huntington as a provider of the products and services covered by this RFP. Nothing in this RFP response, or otherwise, shall be construed as imposing upon Huntington any obligations to your organization in connection with such laws, rules, or regulations.

Please review these Federal Pledge Agreement Forms:

https://www.frbservices.org/binaries/content/assets/crsocms/forms/wires/paalinstructions.pdf

https://www.frbservices.org/binaries/content/assets/crsocms/forms/wires/jcfedmailform.pdf

https://www.frbservices.org/binaries/content/assets/crsocms/forms/wires/paalform.pdf

COMMUNITY REINVESTMENT ACT

As of May 4, 2020, Huntington's overall Community Investment Act (CRA) Rating is **Outstanding**.

Huntington has earned a reputation for strong community involvement and supportive civic leadership. This strategic business and philanthropic investment fosters self-sufficiency through economic development, financial education, and social services. Huntington believes that developing relationships and investing in local nonprofit/charitable organizations builds healthy and vibrant communities.

Huntington's complete Community Reinvestment Act Performance Evaluation is available here: https://www.huntington.com/-/media/pdf/public-file/HNB-CRA-PE---April-2021.pdf?rev=2f7b272d7c554433bca4e52d6e14748f

The thumb drive includes the file with Huntington's full Community Reinvestment Act Performance Evaluation from May 4, 2020.

FORM 10-K

Huntington is proud of its financial performance. Huntington has included files separate from this PDF with both the 10-K for fiscal year 2020 as well as the 10-Q for the second quarter of 2021. The Huntington team also invites you to visit http://huntington-ir.com/fin/10k/ to view prior years' 10-K filings. The City of Chicago can also visit http://huntington-ir.com/fin/10q/ to view past Huntington's 10-Q filings.

If the City of Chicago so desires, additional financial performance information can be found at http://huntington-ir.com/. Such information includes Huntington's annual reports; the Environmental, Social, and Governance Report; and Huntington's Corporate Profile including the Board of Directors and Corporate Officers.

ADDITIONAL INFORMATION

In the following pages please see additional documents Huntington finds relevant to the City of Chicago relationship.

CERTIFICATE
BYLAWS OF
THE HUNTINGTON NATIONAL BANK
ARTICLE VIII, SECTION 8.2

Section 8.2. **Signing Authority**. All agreements, contracts, indentures, mortgages, deeds, conveyances, leases, assignments, notes, transfers, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies and other instruments or documents may be signed, executed, acknowledged, verified, delivered or accepted in behalf of the Association by the Chairman, any Vice Chairman, the President, the Chief Executive Officer, any Regional President, any Vice President (however designated), the Secretary, any Assistant Secretary, the Treasurer, or the Cashier, and, if in connection with the exercise of fiduciary powers of the Association by any of said officers or by any Trust Officer, Assistant Trust Officer, Assistant Vice President or any other officer employed in the Trust Department. Any such instruments may also be executed, acknowledged, verified, delivered or accepted in behalf of the Association in such other manner and by such other officers and employees as the Board of Directors may from time to time direct. The provisions of this Section 8.2 are supplementary to any other provision of these Bylaws.

****

I, Erin Siegfried, Assistant Secretary of The Huntington National Bank, hereby certify that the foregoing is a true and correct copy of Article VIII, Section 8.2 of the Bylaws of The Huntington National Bank, now in full force and effect, and that Kyle Brandon Sneed is a duly elected, qualified and acting Vice President of The Huntington National Bank.

Dated this March 16, 2021 at Columbus, Ohio.

ERIN SIEGFRIED
ASSISTANT SECRETARY
THE HUNTINGTON NATIONAL BANK

CREDIT RATINGS

On July 12, 2021, Moody's affirmed The Huntington National Bank's rating at A3, and outlook increased to stable.
On December 15, 2020, DBRS Morningstar confirmed The Huntington National Bank's rating at A (high) and trend remains negative.
On December 15, 2020, Fitch affirmed The Huntington National Bank's rating at A- and outlook remains negative.
On December 15, 2020, S&P affirmed The Huntington National Bank's rating at A- and outlook lowered to negative.
These outcomes are reflected in the following table:

	Senior Unsecured Notes	Long Term Deposit (HNB)/Subordinated Notes (HBI)	Short Term Deposit (HNB) Commercial Paper (HBI)	Outlook
The Huntington National Bank				
DBRS[1]	A (high)	A (high)	R-1 (middle)	Negative
Fitch[2]	A-	A	F1	Negative
Moody's[3]	A3	A1	P-1	Stable
S&P[4]	A-	NR	NR	Negative
Huntington Bancshares Inc.				
DBRS[1]	A	A (low)	R-1 (low)	Negative
Fitch[2]	A-	BBB+	F1	Negative
Moody's[3]	Baa1	Baa1	NR	Stable
S&P[4]	BBB+	BBB	NR	Negative

[1]DBRS, Inc., New York, New York
[2]Fitch Ratings, New York, New York.
[3]Moody's Investors Service, New York, New York.
[4]Standard & Poor's Corporation, New York, New York.

GREENWICH AWARDS

Huntington's award-winning products and services underscore the success Huntington continues to achieve through an ongoing focus on delivering valuable strategic insights, improving the timeliness and quality of management information, and moving funds more efficiently.

2020 GREENWICH EXCELLENCE AWARD FOR U.S. MIDDLE MARKET BANKING
National and *Regional Recognition:

- Overall Satisfaction *
- Overall Satisfaction with Relationship Manager
- Relationship Manager Proactively Provides Advice*
- Likelihood to Recommend *
- Cash Management
  - Overall Satisfaction *
  - Customer Service
  - Ease of Implementation
  - Product Capabilities

2020 GREENWICH BEST BRAND AWARD FOR U.S. MIDDLE MARKET BANKING
Distinctive recognition in the following categories:

- Ease of Doing Business
- Trust

2019 GREENWICH EXCELLENCE AWARD FOR SMALL BUSINESS BANKING

- Cash Management—Overall Satisfaction
- Cash Management—Overall Satisfaction (Midwest)
- Likelihood to Recommend
- Likelihood to Recommend (Midwest)
- Overall Satisfaction
- Overall Satisfaction (Midwest)

Previous awards include:
2018 GREENWICH EXCELLENCE AWARD FOR MIDDLE MARKET BANKING

- Overall Satisfaction
- Overall Satisfaction with Relationship Manager
- Cash Management Overall Satisfaction
- Cash Management Customer Service
- Cash Management Ease of Product Implementation

Based on over 11,000 interviews with businesses with sales of $10–500 million across the country. Comparisons are based on all banks covered across the United States.

LIST OF FILES PROVIDED SEPARATELY

Please see additional forms provided as separate files for:

1. – 18. Forms A-H (Excel file)

Huntington's 2020 10-K Filing (PDF)

Huntington's Second Quarter 2021 10-Q Filing (PDF)

Huntington's Community Reinvestment Act Performance Evaluation, dated May 4, 2020 (PDF)

EEOC ENTERPRISE WIDE AND CHICAGO DIVERSITY DATA

Huntington is providing its most recent EEOC Consolidated Report filing in lieu of the Excel file the City has provided. Huntington has made this decision because the requested information from the City does not include all the employee race and ethnicity categories that Huntington reports. For example, Huntington also has an additional category for Native Hawaiian or Pacific Islander. Huntington also has additional job categories, such as splitting the Officials and Managers categories into both Executive/Senior Officials and Managers and First/Mid Officials and Managers.

Firm Name:	Huntington National Bank
Primary Representative:	Kyle Sneed
Primary Representative Email and Telephone:	kyle.sneed@huntington.com (312) 429-3604
Headquarters Address:	41 S. High Street, Columbus, OH 43287
Chicago Public Finance Office Address:	222 N. LaSalle Street, Chicago, IL 60601
Total Number of Employees:	20,306 (as of 10/31/2021)
Number of Employees in Illinois:	1,355 (as of 10/31/2021)
Number of Employees in Chicago:	185 (as of 10/31/2021)
Capital Position:	
Minority Designation:	n/a

The numbers listed include Huntington employees after the TCF merger. For this report, Huntington considers these 10 office locations as part of Chicago:

Chicago Area	Yes

Row Labels	Count of Location
CHI - Bucktown Bo	6
CHI - Clark	7
CHI - Lasalle Office Bo	130
CHI - Pulaski Road Bo	9
CHI - West 47th Street Bo	5
CHI - West Addison Office	5
Chicago IL C Oh	7
HSE Chicago Office	10
LaSalle STE 130 Bo	1
Uptown Chicago IL Bo CHI	5
Grand Total	**185**

Please see the following page for Huntington's most recent filed EEO1 Consolidated Report.

co= P648061
u= P648061

EQUAL EMPLOYMENT OPPORTUNITY

2020 EMPLOYER INFORMATION REPORT

CONSOLIDATED REPORT - TYPE 2

SECTION B - COMPANY IDENTIFICATION

1. Huntington Bancshares Incorporated
41 South High Street
Columbus, OH 43215

2.a. Huntington Bancshares Incorporated
41 South High Street
Columbus, OH 43215
Franklin County

c. Y

SECTION C - TEST FOR FILING REQUIREMENT

1-Y 2-N 3-Y DUNS NO.: 099728669 EIN: 310724920

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 522110

SECTION D- EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO												OVERALL TOTALS
			******MALE******						******FEMALE******						
	MALE	FEMALE	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	0	0	22	0	0	1	0	0	10	0	0	0	0	0	33
FIRST/MID OFFICIALS & MGRS	61	65	1719	101	1	57	3	20	1828	203	3	57	4	31	4153
PROFESSIONALS	38	46	1487	140	1	166	3	31	1496	234	3	138	2	38	3823
TECHNICIANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SALES WORKERS	69	78	1486	136	1	42	2	25	1408	181	1	56	4	40	3529
ADMINISTRATIVE SUPPORT	28	128	517	140	1	23	3	15	2361	633	2	77	7	66	4001
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORS & HELPERS	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1
SERVICE WORKERS	0	0	7	2	0	0	0	0	5	0	0	0	0	0	14
TOTAL	196	317	5239	519	4	289	11	91	7108	1251	9	328	17	175	15554
PREVIOUS REPORT TOTAL	171	321	5199	506	5	243	13	96	7194	1278	8	320	14	178	15546

SECTION F - REMARKS

DEPOSITORY AGREEMENT

We hereby offer to pay interest on the deposits of the City of Chicago and the Chicago Board of Education in Fiscal Year 2022 in accordance with the following schedules:

INTEREST-BEARING DEPOSITS

We hereby offer to pay interest on deposit accounts of the City of Chicago and Chicago Board of Education at the following minimum rate(s):

Type of Account	Rate	Minimum Deposit Requirement (if any)
Money market account	0.01%	$1,000,000
Hybrid checking account	0.01%	$1,000,000

TIME DEPOSITS OR CERTIFICATES OF DEPOSIT

We hereby offer to pay interest on single maturity time deposits or certificates of deposit of $100,000 or more at the then current market rate being paid by our institution on similar principal amounts and for similar maturity terms; or at the following other rates:

Huntington will offer market rates for collateralized CDs of similar size and tenor.

The City shall reject the Proposal of any institution that does not offer rates on certificates of deposit or time deposits as prescribed above.

We understand that:

$ Interest on all certificates of deposit shall be computed on a 360-day basis rounded to 3 decimals.

$ Interest shall be paid to the City on the date of maturity.

Furthermore, we understand that any costs incurred in administering the City's account, including any costs incurred in collateralizing and safekeeping the City's investments, will be borne by our institution.

We understand the City's objective to invest its monies with financial institutions that demonstrate a commitment to benefit Chicago's communities and, in accordance with Chapter 2-32-440 of the Municipal Code of Chicago, have provided supplemental information to demonstrate our commitment. It is further understood that all information included in, attached to, or required by this Depository Agreement and related documents responding to the City’s Request for Proposal shall become public record upon delivery to the City.

This Depository Agreement supplements The Huntington National Bank’s Business Deposit Account Terms and Conditions, Treasury Management Services Agreement and any other documentation which we require (“Account Documents”) in order to provide the services. Where this Depository Agreement and the Account Documents conflict, this Depository Agreement shall control.

We certify that we have read the terms and conditions of this Request for Proposal and fully understand its intent. We also certify that we have adequate personnel, equipment and facilities to fulfill all requirements and to qualify as a municipal depository. Upon execution by the City below, it is our understanding that the Depository Agreement, along with all the requirements, provisions and stipulations as contained in the Request for Proposal, which is incorporated herein by reference, constitute the agreement between our institution and the City.

Submitted by: Kyle Sneed

Title: Vice President

Date: November 5, 2021

Authorized Signature: Kyle Sneed ______________________

Name of Institution: The Huntington National Bank

Location of Principal Place of Business: 222 N. LaSalle St. #1200, Chicago, IL 60601

If known, please indicate which City Ward the Principal Place of Business is located: Ward 42

How many facilities are located within the City of Chicago? As of 12/31/20[1], Huntington has seven banking facilities, all with ATMs. The ATMs are located in the following zip codes: 60647, 60601, 60641, 60609, 60602, 60634, 60640.

Is your bank a Regularly Organized State Bank, National Bank, or Federal Bank? (Please indicate State, National or Federal) National Bank

Is your bank Federally Insured? YES Type of Insurance? FDIC

Is your bank Minority Owned? (as defined by the Federal Reserve Board) No

What is the Bank's Aggregate Amount of Capital Stock as of 12/31/2020? $2.2 billion
Surplus as of 12/31/2020? $8.78 billion Total Assets as of 12/31/2020? $123 billion

Name of Person Preparing the Proposal: Kyle Sneed

Work Phone: 312-429-3604 Fax: N/A Email: kyle.sneed@huntington.com

Executed for the City of Chicago:

By: ______________________

Title: ______________________

Date: ______________________

1 Post TCF merger effective 6/22/21, Huntington has 42 corporate office and branch locations in the City of Chicago

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

The Huntington National Bank

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [X] the Applicant

OR

2. [ ] a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: ______________________

OR

3. [ ] a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

____

B. Business address of the Disclosing Party: 222 N. LaSalle #1200
Chicago, IL 60601

C. Telephone: 312-429-3604 Fax: ______________ Email: kyle.sneed@huntington.com

D. Name of contact person: Kyle Sneed

E. Federal Employer Identification No. (if you have one): 31-0966785

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Designation as a 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ______________________ and Contract # ______________________

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[X] Other (please specify)
Federally chartered financial institution

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

United States of America, Office of the Comptroller of the Currency

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[X] Yes [ ] No [ ] Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title
A full list of executive officers and all directors of the entity is provided as Exhibit I of the submission documents.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
Huntington Bancshares Inc.,	41 S. High Street, Columbus, OH 43287	100%
The Vanguard Group, Inc.,	100 Vanguard Blvd, Malvern, PA 19355	11.08%*
BlackRock, Inc.,	55 East 52nd Street, New York, NY 10055	8.2%*

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [ ] Yes [X] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [ ] Yes [X] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

____

____

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?
[ ] Yes [X] No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

____

____

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.
N/A			

(Add sheets if necessary)

[ ] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [x] No [ ] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities to the best of its knowledge and belief are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any “Contractor” (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, “Disclosure of Subcontractors and Other Retained Parties”);
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any “controlling person” [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any “sister agency”; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article’s permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management (“SAM”).

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

The foregoing responses are to the best knowledge of disclosing party's knowledge after reasonable inquiry.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[X] is [ ] is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [X] No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes [ ] No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X* 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

____2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

*The disclosing party has conducated a search of its records as well as its predecessor entites and could not find records of itself or predecessor entities regarding investments or profits from slavery or shareholder insurance policies during the slavery era.

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: **If the Matter is federally funded**, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?
[X] Yes [ ] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[x] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[x] Yes [ ] No [ ] Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[x] Yes [ ] No

If you checked "No" to question (1) or (2) above, please provide an explanation:

____

____

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City’s Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

The Huntington National Bank
(Print or type exact legal name of Disclosing Party)

By: Kyle Sneed
(Sign here)

Kyle Sneed
(Print or type name of person signing)

Commercial Relationship Manager
(Print or type title of person signing)

Signed and sworn to before me on (date) 1 8th of Nov 2021,

at Cook County, IL (state).

Fel M Will
Notary Public

Commission expires: July 6, 2022

FELICIA M WILLIAMS
Official Seal
Notary Public - State of Illinois
My Commission Expires Jul 6, 2022

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [X] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

____
____
____

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [X] No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [X] No [ ] The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

____
____
____

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

[X] Yes

[ ] No

[ ] N/A – I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked "no" to the above, please explain.

____

____

____

Exhibit I
to the
Economic Disclosure Statement and Affidavit

Executive Management Team

Name	Title
Stephen D. Steinour	Chairman, President and Chief Executive Officer
Paul Heller	Senior Executive Vice President, Chief Technology & Operations Officer
Helga Houston	Senior Executive Vice President, Chief Risk Officer
Sandra Pierce	Senior Executive Vice President, Private Client Group & Regional Banking Director and Chair of Michigan
Scott Kleinman	Senior Executive Vice President and Director of Commercial Banking
Mark Thompson	Senior Executive Vice President, Director of Corporate Operations
Zachary “Zach” Wasserman	Senior Executive Vice President, Chief Financial Officer
Andy Harmening	Senior Executive Vice President, Consumer and Business Banking Director
Jana Litsey	Senior Executive Vice President and General Counsel

Exhibit I
to the
Economic Disclosure Statement and Affidavit

Executive Management Team Continued

Name	Title
Richard “Rich” Pohle	Executive Vice President, Chief Credit Officer
Rajeev "Raj" Syal	Senior Executive Vice President, Chief Human Resources Officer
Julie C. Tutkovics	Executive Vice President, Chief Marketing and Communications Officer

Exhibit I
to the
Economic Disclosure Statement and Affidavit

Board of Directors

Name	Title
Lizabeth Ardisana	Owner and CEO, ASG Renaissance LLC
Robert S. Cubbin	Retired President and CEO, Meadowbrook Insurance Group
Gina D. France	Founder, President and CEO, France Strategic Partners LLC
John C. "Chris" Inglis	Visiting Professor of Cyber Studies at US Naval Academy
Katherine M.A. "Allie" Kline	Former Chief Marketing and Communications Officer for Verizon Media
Kenneth J. Phelan	Senior Advisor, Oliver Wyman, Inc.
Alanna Cotton	President of Operations, Central & Eastern Europe, The Coca-Cola Company
Ann "Tanny" B. Crane	President and CEO, Crane Group Company
Steven G. Elliott	Retired Senior Vice Chairman, BNY Mellon
J. Michael Hochschwender	President and CEO, The Smithers Group

Huntington

Exhibit I
to the
Economic Disclosure Statement and Affidavit

Board of Directors Continued

Name	Title
Richard W. Neu	Retired Chairman, MCG Capital Corporation
David L. Porteous	Attorney, McCurdy Wotila & Porteous, P.C.; Lead Director, Huntington Bancshares Incorporated
Stephen D. Steinour	Chairman, President and Chief Executive Officer, Huntington Bancshares Incorporated and The Huntington National Bank

Anti-Predatory Lending Pledge*
for Municipal Depositories

We pledge that we are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code of Chicago. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code of Chicago. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of our designation as a municipal depository.

The Huntington National Bank
Name of Financial Institution

Kyle Sneed
Signature of Authorized Officer

Vice President
Title

Kyle Sneed
Name of Authorized Officer (Print or Type)

312-429-3604
Business Telephone Number

Subscribed and sworn to before me this
16th day of November, 2021
Fel M Will
Notary Public

FELICIA M WILLIAMS
Official Seal
Notary Public - State of Illinois
My Commission Expires Jul 6, 2022

Date: 11/16/21

Name of transaction for which this certificate is submitted: Designation as a 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds

Contact Person: Kyle Sneed
Address: 222 N. LaSalle St. #1200
Chicago, IL 60622

Telephone: 312-429-3604

*The definitions of certain terms set forth in Chapter 2-32 of the Municipal Code of Chicago and used in the Anti-Predatory Lending Pledge are reproduced on the attached pages.

Loan Policy Pledge and Consumer Protection Statement for Municipal Depositories

We pledge not to arbitrarily reject mortgage loans for residential properties within a specific geographic area in Chicago because of the location and/or age of the property, or in the case of proposed borrower to arbitrarily vary the terms of those loans or the application procedures for those loans on the basis of race, color, religion, national origin, age, sex, gender identity, marital status, ancestry, sexual orientation, parental status, source of income, disability or military status. In addition, we pledge to make loans available to low- and moderate-income residential property in the neighborhoods of the City of Chicago within the limits of our legal restriction and prudent financial practices.

We understand that arbitrarily rejecting or varying the terms and/or application procedures of mortgage loans on the basis of the factors listed above may result in the loss of our designation as a municipal depository.

We certify on information and belief that we are in substantial compliance with consumer financial protection laws, subject to any previous disclosures made by us or by regulatory agencies.

Name of Financial Institution: The Huntington National Bank

Signature of Authorized Officer Kyle Sneed Title Vice President

Name of Authorized Officer (Print or Type) Kyle Sneed

Subscribed and sworn to before me this 18th day of November, 2021.

Notary Public DAA. F {stamp/SEAL}

OFFICIAL SEAL
DAVID A FIVEL
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 10-30-2025

Name of transaction for which this certificate is submitted: Designation as a Municipal Depository for 2022.

Compliance with Vacant Buildings Code Pledge
For Municipal Depositories

We are in compliance with the reporting requirements in regard to vacant property as defined in Section 13-12-125 of the Municipal Code of Chicago. We further pledge we will maintain vacant properties in compliance with the Chicago Building Code as defined in Section 13-12-135 of the Municipal Code of Chicago. We understand that failing to adhere to these requirements or becoming an affiliate of an offender of these requirements may result in the loss of our designation as a municipal depository.

The Huntington National Bank
Name of Financial Institution

Kyle Sneed
Signature of Authorized Official

Vice President
Title

Kyle Sneed
Name of Authorized Officer
(Print or Type)

312-429-3604
Business Telephone Number

Subscribed and sworn to before me this

16 day of November, 2021

Notary Public

FELICIA M WILLIAMS
Official Seal
Notary Public - State of Illinois
My Commission Expires Jul 6, 2022

11/16/21
Date

Contact Person: Kyle Sneed
Address: 222 N. LaSalle St. #1200
Chicago, IL 60622

Telephone: 312-429-3604

QUESTIONNAIRE

To facilitate the City's analysis of the data that you have provided on Disclosure Forms A(1) - G, please provide the information requested below:

1. List all credit instruments or types of credit that you have included within or under the following lending categories:

Consumer Lending:

Huntington offers the following types of credit: Home Mortgage Loans, Home Equity Loans, Construction, and Home Improvement Loans

Commercial Lending:

Huntington offers the following types of credit: Line of credit, Term Loans.

2. List all types of accounts that you have included as:

Savings Accounts:

MMA, Savings, CD

Checking Accounts:

DDA, Hybrid Checking

AFFIDAVIT OF COMMITMENT TO COMMUNITY REINVESTMENT, RESPONSIBILITY AND TRANSPARENCY
CITY OF CHICAGO OFFICE OF THE COMPTROLLER

I, Kyle Sneed, a duly authorized representative of The Huntington National Bank represent and say as follows:

That for the purpose of becoming an eligible depository for active deposits of the City of Chicago, the undersigned Affiant states that it will use reasonable efforts to provide lending, financing, and banking opportunities as a commitment of community reinvestment to Chicago's low and moderate income (LMI) communities; Affiant states that such reasonable efforts shall include, but are not limited to:

A. Assignment of identifiable personnel to answer and respond to questions, concerns and inquiries by the citizens of Chicago, City Treasurer, City Comptroller, and the City Council regarding financial services, investment and lending products, services and related issues, including the Community Reinvestment Act (CRA) of 1977;

B. Cooperate with and support non-profit neighborhood development/redevelopment organizations in the implementation of "neighborhood economic development" strategies that focus on revitalization of communities that are more locally focused where an institution has a branch or market presence;

C. Commit to affirmatively market and make available banking services throughout Chicago's low and moderate income communities, by not meeting this commitment only through the installation of ATM distribution centers, but also by opening and/or maintaining branch locations within those communities;

D. Prepare an annual report of CRA activities, presented to the Comptroller, the Treasurer, and the City Council, that is made publicly available, demonstrating investment in all Chicago Communities, as well as reinvestment in LMI communities of Chicago, by community area that includes the number of loans and amount of loans in the following (6) categories:

1. Home Purchase within LMI communities;
2. Refinancing within LMI communities;
3. Home Improvement;
4. Small Business Loans (to companies with revenues under $1 Million);
5. Community Development Loans including multi-family lending; and
6. Community Development Investments to eligible Community Development Financial Institutions (CDFI) and other community intermediaries to further the goals of an institution to meet its obligations to the Community Reinvestment Act of 1977 and this Affidavit.

Such a Municipal Depository annual CRA report will include, by community area, the number of mortgage loans originated and other strategies to minimize the impact of foreclosure and neighborhood instability.

E. An institution acknowledges that failure to comply with this Affidavit may result in discontinued status as a municipal depository.

Signed: Kyle Sneed   Dated: 11/5/21

Print Name: Kyle Sneed

Title: Vice President

DEMOGRAPHICS AFFIDAVIT

Name of Applicant firm: The Huntington National Bank

Description of Matter: **Designation as a 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds**

Role of Applicant: **Municipal Depository**

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Applicant's firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Applicant's firm and their role in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Count	Position and Role	Gender	Race/Ethnicity
1	Relationship Manager**	M	African American
2	Public Finance Banker**	M	African American
3	Public Finance Banker**	F	Asian American
4	Treasury Management Advisor	F	Caucasian
5	Treasury Management Specialist	F	Caucasian

** denotes City of Chicago resident

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Applicant; (2) the information in this Affidavit (and associated attachment, if applicable) are true, complete, and correct; and (3) failure to accurately and completely provide the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Kyle Sneed

Signature: Kyle Sneed

Title: Vice President, Relationship Manager

Date: November 5, 2021

DISCLOSURES

These materials have been prepared by The Huntington National Bank (HNB) and are provided for informational or illustration purposes only. Nothing herein shall be construed as an advertisement or offer to buy or sell any Huntington product, nor shall the information be considered advice or a recommendation to enter into or refrain from any transaction. Any statements, including opinions and recent quotations on rates and products, are subject to change without notice. The content presented within this material is based upon information that HNB believes is reliable, but HNB does not warrant its completeness or accuracy, and it should not be relied upon as such. Additional information to what is presented in this material can be made available upon request. HNB does not provide accounting, legal, or tax advice; you should consult with your accounting, legal, or tax advisor(s) on such matters. HNB is a wholly owned subsidiary of Huntington Bancshares Incorporated.

HNB and its affiliated companies, and their respective directors, officers, and employees, expressly decline and are not responsible for any liability for loss or damage whatsoever caused by or related to the use of information contained in these materials.

The Huntington National Bank is an Equal Housing Lender and Member FDIC. The ®, Huntington® and Huntington. Welcome® are federally registered service marks of Huntington Bancshares Incorporated.

Lending and leasing products and services, as well as certain other banking products and services, may require credit approval.

Huntington Capital Markets® is a federally registered service mark under which the investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, Huntington Securities, Inc. and The Huntington National Bank, are marketed. Securities products and services are offered by licensed securities representatives of Huntington Securities, Inc., registered broker-dealer, member FINRA and SIPC. Banking products and services are offered by The Huntington National Bank, Member FDIC.

Huntington Insurance, Inc.

Insurance products are offered by Huntington Insurance, Inc., a wholly owned subsidiary of Huntington Bancshares Incorporated and underwritten by third party insurance carriers not affiliated with Huntington Insurance, Inc.

HBI Title Services, Inc.

Title Insurance products are offered by HBI Title Services, Inc., a subsidiary of Huntington Bancshares Incorporated and a licensed title agency authorized to sell title insurance in the following states – FL, IL, IN, KY, MI, MO, OH, PA, TN, WI and WV.

Huntington Private Bank®

Huntington Private Bank® is a team of professionals dedicated to delivering a full range of wealth and financial services. The team is comprised of Private Bankers, who offer premium banking solutions, Wealth and Investment Management professionals, who provide, among other services, trust and estate administration and portfolio management from The Huntington National Bank, and licensed investment representatives of The Huntington Investment Company, which offers securities and investment advisory services. Huntington Private Bank® is a federally registered service mark of Huntington Bancshares Incorporated.

Trust and investment management services are provided by The Huntington National Bank, a national bank with fiduciary powers.

Huntington Financial Advisors®

Huntington Financial Advisors® is a service mark and trade name under which The Huntington Investment Company offers securities and insurance products and services. The Huntington Investment Company is a registered broker-dealer, member FINRA and SIPC, and registered investment advisor with the U.S. Securities and Exchange Commission (SEC). The Huntington Investment Company is a wholly-owned subsidiary of Huntington Bancshares Incorporated.

Investment, Insurance and Non-Deposit Trust products are: NOT A DEPOSIT • NOT FDIC INSURED • NOT GUARANTEED BY THE BANK • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY LOSE VALUE

Thank you.

Kyle Sneed
Vice President, Institutional Government & Nonprofit Banking
(312) 429-3604
kyle.sneed@huntington.com

PUBLIC DISCLOSURE

May 4, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Huntington National Bank
Charter Number: 7745

17 South High Street
Columbus, Ohio 43215

Office of the Comptroller of the Currency

Large Bank Supervision
Constitution Center
400 7th Street SW
Washington, DC 20219-0001

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

Overall CRA Rating

Institution's CRA Rating: This institution is rated Outstanding**.**

The following table indicates the performance level of The Huntington National Bank (HNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	The Huntington National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on performance across all rating areas. The overall conclusions are a weighted average, based on deposits, of the four multi-state metropolitan statistical areas (MMSA) and eight state ratings, with the performances in the states of Ohio and Michigan carrying the greatest weights.

- The Investment Test rating is based on performance across all rating areas. Examiners weighted performance in the same manner as the Lending Test.

- The Service Test rating is based on performance across all rating areas. Examiners weighted performance in the same manner as the Lending Test.

Lending in Assessment Area

A substantial majority of the bank's loans were in its AAs. The bank originated and purchased, in aggregate, 85.9 percent by number and 84.2 percent by dollar volume of its total loans inside the bank's combined AAs during the evaluation period. This analysis was performed at the bank, rather than at the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. This performance factored positively into the overall analysis of the geographic distribution of lending by income level of the geographies.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans $(000)				Total $(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		$	%	$	%	
Home Mortgage	194,109	88.3	25,727	11.7	219,836	29,988,097	83.3	6,009,287	16.7	35,997,384
Small Business	69,670	80.0	17,411	20.0	87,081	7,508,281	88.2	1,008,562	11.8	8,516,843
Small Farm	1,442	73.8	512	26.2	1,954	109,690	80.4	26,704	19.6	136,394
Total	265,221	85.9	43,650	14.1	308,871	37,606,068	84.2	7,044,553	15.8	44,650,621

Description of Institution

HNB is an interstate financial institution headquartered in Columbus, Ohio. HNB is a wholly owned subsidiary of Huntington Bancshares Incorporated (HBI), headquartered in Columbus, Ohio. As of December 31, 2019, HBI had total assets of $109.0 billion. The holding company is a diversified financial services company providing banking, insurance, investments, mortgage loans, and consumer finance through HNB.

As of December 31, 2019, HNB had total assets of $108.7 billion, total deposits of $85.7 billion and a tier 1 capital base of $11.7 billion. All HNB's deposits were held in domestic U.S. offices. HNB's net loans and leases were $75.4 billion, representing 69.4 percent of total assets. Composition of the bank's domestic loan portfolio was 40.9 percent real estate loans, predominantly loans secured by 1-4 family residential properties, 29.9 percent commercial and industrial loans, 22.9 percent loans to individuals for household, family and personal purposes, and 6.3 percent miscellaneous other loans and leases. Farm and agricultural loans comprised 0.3 percent of the overall loan portfolio. At the request of HNB and in accordance with provisions of the CRA, this evaluation considered affiliate activities in CD lending and investments. Refer to Appendix A for a complete list of subsidiaries, affiliates, and products considered.

HBI completed one acquisition transaction during the evaluation period. On August 16, 2016, HBI acquired all outstanding capital stock of FirstMerit Corporation (FirstMerit) which resulted in the merger of their respective subsidiary banks.

As of December 31, 2019, HNB was a full-service bank operating 909 branches and 1,439 automated teller machines (ATMs) within its retail footprint. The bank conducted business within four MMSAs and eight states. The four MMSAs were Cincinnati OH-KY-IN MMSA, Weirton-Steubenville, WV-OH MMSA, Wheeling, WV-OH MMSA, and Youngstown-Warren-Boardman, OH-PA MMSA. The eight states that comprised HNB's retail footprint were Florida, Illinois, Indiana, Michigan, Ohio, Pennsylvania, West Virginia, and Wisconsin. This PE contains the OCC's evaluation of HNB's performance within HNB's 48 assessment areas (AA). All AAs consisted of whole counties and met the requirements of the regulation. The areas reflected the different trade areas that the bank's branches could service and did not arbitrarily exclude any low- or moderate-income (LMI) areas.

HNB continued to maintain its private banking presence in Florida with one retail branch office. On September 29, 2017, HNB closed the one branch location in Ohio County, West Virginia. This resulted in the bank no longer being in two or more states of an MMSA. Normally, analysis of 2018-2019 data for the remaining county, Belmont County, Ohio, would have been included as a limited-scope analysis area in the state of Ohio analysis. The OCC opted to continue the evaluation of Belmont County, Ohio as an MMSA to continue the full-scope analysis for the full four-year period. Data from Ohio County, West Virginia was not included in the analysis after the branch closure. On June 14, 2019, HNB exited the state of Wisconsin by selling all branches located in Wisconsin to Associated Banc-Corp, headquartered in Green Bay, Wisconsin. Refer to the Description of Institutions section in the respective state narratives for details.

HNB provides full-service commercial, small business, and consumer banking services; mortgage banking services; treasury management and foreign exchange services; equipment leasing; wealth and investment management services; trust services; brokerage services; customized insurance brokerage and service programs.

No known legal, financial, or other factors are present to impede the bank's ability to help meet the credit needs of its AAs.

HNB received an Outstanding CRA rating at the previous CRA evaluation dated May 9, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses the bank's CRA performance under the Large Institution Lending, Investment, and Service Tests. The evaluation period was January 1, 2016 to December 31, 2019.

In evaluating the bank's lending performance, the OCC reviewed home mortgage loan products reported under the Home Mortgage Disclosure Act (HMDA), small loans to businesses and small loans to farms reported under CRA, Community Development (CD) loans; qualified investments; and CD and retail services. Examiners did not consider consumer loans in this evaluation, as consumer lending did not constitute a substantial majority of the bank's business and management did not request consideration. Qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States occurred after December 31, 2019, which the OCC will consider in the subsequent evaluation.

HNB offers and originates farm loans as a courtesy to customers but farm lending was not considered a primary product. In most markets, HNB made few, if any, small loans to farms. The OCC determined that 20 loans made within an AA was sufficient for analysis purposes. Due to the limited number of farms in LMI geographies, small farm lending had no material impact on the Lending Test conclusion. If examiners included an analysis of these loans in a rating area, they noted it in the narrative for the applicable rating area.

The evaluation covers changes in demographics between the 2010 U.S. Census data and the 2015 American Community Survey (ACS) and requires the organization and analysis of data based on the applicable census period. The ACS changes became effective on January 1, 2017. The changes instituted by the ACS updated income, population, and housing information and resulted in changes to the income designations of some geographies. Examiners completed two analyses of the geographic and borrower income distribution criteria for each AA, one with 2016 stand-alone data and one with 2017 – 2019 combined data. When arriving at overall conclusions, examiners placed more weight on the bank's lending performance during the 2017 – 2019 period as it represented a longer period of performance, more recent performance, a larger volume of lending, and the combined post-merger institution. Examiners discuss the performance from 2016 in the applicable narrative sections of the evaluation and compare it with the performance from 2017 – 2019. Appendix D includes only data from 2017 – 2019 for the respective MMSA and State rating areas.

MSA boundary changes introduced in September 2018, effective January 1, 2019, by the Office of Management and Budget (OMB) resulted in additional analysis for two limited-scope AAs under the lending test in the state of Michigan. For both the geographic and borrower income distribution criteria, those AAs affected received separate analyses of 2016 data, 2017 through 2018 data, and 2019 data. See the "Description of Institution's Operations" section in the state of Michigan rating section for details on those areas affected by these changes.

HNB did not have any branches in Illinois or Wisconsin prior to its merger with FirstMerit in August 2016. In addition, HNB sold all Wisconsin branches and exited Wisconsin in June 2019. Examiners did not analyze 2016 data in Illinois and Wisconsin nor 2019 data in Wisconsin, as there was not enough data to conduct a meaningful analysis. As a result, appendix D includes only data from 2017-2018 for the state of Wisconsin.

Examiners aggregated home mortgage loan data for all home loan types. When differences existed in performance between loan products in a specific AA, examiners determined the overall conclusion by weighting the products based on the loan mix by number of loans over the evaluation period. Weighting by number of loans gives consideration for each lending decision regardless of the loan's dollar amount. Weightings are described within the narrative comments of each rating area.

The loan distribution analyses compared HMDA loans and loans to small businesses and small farms to demographic and aggregate data under the applicable lending test components. Aggregate data illustrates the bank's performance relative to other lenders in the AA and provides context as to reasonableness of the bank's performance. Examiners placed equal emphasis on demographic and aggregate performance for 2016 data. For 2017 – 2019 lending performance (2017-2018 for the state of Wisconsin), examiners placed more emphasis on borrower and geographic distributions than on aggregate performance. Borrower and geographic comparators included data from multiple years where aggregate comparators included only data from 2018, which was the most current information available at the time of the evaluation.

Examiners gave slightly more emphasis to the borrower distribution component of the Lending Test throughout all rating areas due to larger percentages of LMI borrowers compared to LMI geographies. When evaluating the distribution of loans to geographies with different income levels, examiners gave more weight to the bank's performance in moderate-income geographies as this category had more lending opportunities (e.g., higher percentage of businesses or owner-occupied housing units). For borrower distribution, examiners placed more emphasis on the income category with the higher percentages of families. Examiners also considered the impact of poverty levels and housing costs on home affordability, as described within the narrative comments of each rating area, as applicable.

The analysis considered the number and dollar volume of CD loans with emphasis placed on those loans that were particularly innovative or complex or responsive to the AAs needs. CD lending in an AA may affect the Lending Test rating positively, neutrally, or negatively, which examiners describe in the narrative comments. To provide perspective regarding the relative level of CD lending, examiners allocated a portion of the bank's tier 1 capital to each AA based on its pro rata share of deposits as a means of comparative analysis.

HNB offers several flexible loan products that address the needs of LMI borrowers, LMI geographies and small businesses. These include Federal Housing Administration (FHA), Veterans' Administration (VA), and Federal National Mortgage Association (FNMA) loans, adjustable term loans, and special state bond loan programs. HNB also originated residential real estate loans with higher than typical risk for retention within the bank's portfolio due to terms not immediately acceptable to the secondary market. The following products and programs complement the bank's existing suite of products which examiners considered in the "Product Innovation and Flexibility" section for those AAs that had significant activity.

HNB developed the "*Community Access Mortgage*" (CAM), an innovative/flexible portfolio mortgage product to help consumers purchase or refinance primary residences located in LMI geographies. The CAM program allows a minimum borrower credit score of 620 for a one-unit principal residence; the maximum loan-to-value (LTV) for purchase and limited cash-out refinance was 97 percent, with a maximum combined LTV (first and second mortgage combined) of 105 percent. The CAM product requires no private mortgage insurance and the bank does not charge a higher interest rate for lower credit scores. "*HomeTown Mortgage*," a version of CAM, was also available in partnership with nonprofits to find and qualify prospects in the local communities that the nonprofits serve. *HomeTown Mortgage* allows credit scores as low as 580 with financial education for the borrower.

The bank offered "*Debt Manager*" programs with no minimum loan amount (micro loans), at below market interest rates to work with borrowers whose credit scores are reduced. HNB designed the *Debt Manager* loan program as an unsecured loan to help customers establish a plan to payoff existing credit card balances. The program's fixed rate and fixed term make the loan product a tool to avoid rate increases and quickly reduce credit card balances; customers must close any credit card the bank pays off with this loan. The unsecured loan product offers a solution for customers who do not own a home or whose home values do not provide sufficient equity to support an equity consolidation loan.

In response to community needs identified by nonprofit organizations and community partners in various communities, HNB designed its unsecured home improvement loan product to address gaps for consumers who own homes in LMI geographies with property values that do not support conforming home equity loans. In addition, HNB reduced barriers to homeownership and enabled existing homeowners to refinance owner-occupied homes in LMI geographies by waiving closing costs across the bank's footprint.

The analysis considered the volume of qualified investments made during the current evaluation period and qualified investments made prior to the current evaluation period for which amounts are still outstanding. Particularly innovative or complex investments, or those particularly responsive to the AA's needs, received more emphasis. To provide perspective regarding the relative level of CD lending, examiners allocated a portion of the bank's tier 1 capital to each AA based on its pro rata share of deposits as a means of comparative analysis.

HNB also offered equity equivalents (EQ2s) during the review period. The bank often took the lead financial investor role to create the EQ2 and invited other financial institution participants to invest and spread the risk. An EQ2 provides a form of equity or capital that usually must be repaid in 10 years, although the equity had a "rolling" term, meaning an indeterminate maturity. The EQ2 functioned like equity for nonprofit Community Development Financial Institutions (CDFI). The EQ2 was a capital product for CDFIs and their investors that allows the CDFI to strengthen their capital structures, leverage additional debt capital, and as a result, increase lending and investing in economically disadvantaged communities.

Primary consideration was given to the bank's performance in delivering retail products and services to geographies and individuals of different income levels through the bank's distribution of branches. The analysis compared the percentage of branches located in LMI geographies to the percentage of the population residing in LMI geographies. The analysis also considered any differences in branch hours and services in LMI geographies compared to branch hours and services in middle-and-upper income geographies.

When the bank opened or closed branches within low-, moderate-, middle-, or upper-income geographies of an AA, the analysis evaluated the overall impact of the change based on the geography income level as of the date of the change. If the bank neither opened nor closed branches in an AA, the service test conclusions did not include this performance element.

The bank provided banking services through other alternative distribution systems (ADS) including full-service ATMs, telephone banking, online banking, mobile banking, and Zelle. Examiners did not place significant weight on these systems, as there was no data concerning the effectiveness of these systems in targeting LMI geographies and individuals.

Examiners evaluated the bank's record of providing CD services in the AAs that received full-scope reviews. Examiners gave primary consideration to CD services found particularly innovative or responsive to the needs of the community.

Selection of Areas for Full-Scope Review

In each state where the bank had an office, one or more AAs within that state were selected for a full-scope review. For purposes of this evaluation, bank-delineated AAs located within the same metropolitan statistical area (MSA) or MMSA are combined and evaluated as a single AA. Similarly, bank-delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the MMSA and state ratings. The states of Ohio and Michigan carried the greatest weights in the overall conclusions. These combined rated areas accounted for 72.3 percent of the bank's HMDA- and CRA-reportable loans (48.3 percent and 24.0, respectively), 77.8 percent of total deposits (57.7 percent and 20.0, respectively), and 74.0 percent of the branch network (42.5 percent and 31.6 percent, respectively).

The MMSA and state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each State and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Multistate Metropolitan Statistical Area Ratings

Cincinnati OH-KY-IN (Cincinnati) MMSA

CRA rating for the Cincinnati MMSA[1]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was adequate and overall borrower distribution was good.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Cincinnati MMSA

HNB delineated seven of the 15 counties within the Cincinnati MMSA as an AA. Refer to appendix A for a list of counties reviewed.

Based on June 30, 2019 Federal Deposit Insurance Corporation (FDIC) summary of deposit information, HNB had $3.4 billion in deposits in the Cincinnati MMSA AA, representing 4.1 percent of overall bank deposits. The bank originated and purchased $3.0 billion in loans, or 8.2 percent of total bank loan originations and purchases, during the evaluation period. The bank's primary loan products in the Cincinnati MMSA AA were home mortgage loans and small loans to businesses.

HNB operated 36 branches, representing 3.9 percent of the bank's branches, and 46 ATMs, of which 40 were deposit-taking. HNB ranked fifth out of 53 depository institutions with a 5.7 percent deposit market share. The top three banks within the MMSA in terms of deposit market share were U.S. Bank, N.A. with a 53.2 percent market share, Fifth Third Bank with a 26.9 percent market share, and PNC Bank, N.A. with a 5.1 percent market share.

[1] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

The following table provides a summary of the demographics, including housing and business information for the Cincinnati MMSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Cincinnati MMSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	463	13.6	21.0	36.7	26.8	1.9
Population by Geography	1,976,032	8.7	17.7	39.0	33.4	1.3
Housing Units by Geography	847,321	10.7	19.1	39.3	30.3	0.5
Owner-Occupied Units by Geography	500,413	4.2	14.3	42.3	39.2	0.1
Occupied Rental Units by Geography	261,527	18.9	26.9	35.4	17.7	1.1
Vacant Units by Geography	85,381	23.8	23.6	34.1	17.2	1.3
Businesses by Geography	131,182	7.0	17.7	35.7	38.6	1.0
Farms by Geography	3,686	3.6	12.8	48.6	34.9	0.2
Family Distribution by Income Level	495,929	21.9	16.4	19.8	42.0	0.0
Household Distribution by Income Level	761,940	25.2	15.2	17.0	42.6	0.0
Median Family Income MSA - 17140 Cincinnati, OH-KY-IN MSA		$69,949	Median Housing Value			$158,731
			Median Gross Rent			$768
			Families Below Poverty Level			10.3%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Information from the 2019 Moody's Analytics report indicated the Cincinnati economy has been very prosperous and will remain one of Ohio's strongest economies due to high employment gains, mainly in white-collar services and healthcare, as well as aerospace manufacturing. The AA's strengths included a highly educated and skilled workforce, a strong freight shipping and logistics network, and the presence of multinational firms, the low cost of living and affordable housing, and an expanding commercial aviation cluster. The favorable business environment will help the AA continue to outpace the broader Midwest but will still trail the United States (U.S.) relative to job growth in the long term. The MSA benefits from strength in professional and technical services, real estate, health, and manufacturing. Demand for medical care is rising and several multimillion-dollar hospital construction projects are underway. The AA is home to dozens of corporate headquarters that provide high-paying jobs. Aerospace manufacturing recently added hundreds of new employees. However, many of these jobs are not accessible to LMI residents in urban neighborhoods. Public transportation is limited and unreliable, both in the city and in the rural areas, which limits access to jobs.

Based on information in the above table, low-income families earned less than $34,975 and moderate-income families earned less than $55,959. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $874 for low-income borrowers and $1,399 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MMSA median housing value would be $852.

The Cincinnati MMSA AA's unemployment rate declined from 4.4 percent in 2016 to 3.6 percent in 2019. Top employers are in the Manufacturing, Professional and Business Services, Education & Health Services, and Government. Manufacturing, Financial Centers and Medical Centers serve as the main growth drivers of the economy.

The analysis considered information provided by three nonprofit community contacts that serve the Cincinnati MMSA AA. One community contact represented affordable housing and fair housing policies in LMI areas. The other contacts represent economic development with a goal of building sustainable communities in LMI areas including encouraging and enabling home ownership.

The long-standing source of living wage employment in the six county Cincinnati region, especially for people without high school diplomas or college degrees, was once dominated by manufacturing industries with several located in Hamilton County and the City of Cincinnati. These industries decreased over the decades, replaced by lower paying warehouse and service industry jobs. Declining manufacturing jobs combined with the mortgage crisis and loss of affordable housing due to gentrification has led to the displacement of LMI populations.

Information provided by three community contact interviews, two organizations providing assistance for first-time homebuyers and one focusing on economic development, indicated the most pressing needs of the area include:

- Small dollar loans for home repair or rehabilitation, auto repair, emergencies, etc.
- Financial education and first-time homebuyer counseling.
- Affordable entry-level transaction accounts, credit repair products, secured credit cards, and second chance checking accounts.
- Tax preparation assistance for LMI individuals and families.

Scope of Evaluation in Cincinnati MMSA

The rating for the Cincinnati MMSA AA is based on a full-scope evaluation of the bank's performance in the AA. Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in this AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CINCINNATI MMSA

LENDING TEST

The bank's performance under the Lending Test in the Cincinnati MMSA AA is rated Outstanding.

Based on a full-scope review, the bank's performance in the Cincinnati MMSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Cincinnati MMSA	13,233	4,892	62	27	18,214

Dollar Volume of Loans 2016 - 2019 (000)					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Cincinnati MMSA	$2,439,823	$559,972	$3,982	$165,643	$3,169,420

HNB ranked fifth in deposits out of 53 depository institutions (top 10 percent), with a 5.7 percent market share in the AA. In overall HMDA lending, HNB ranked second out of 556 lenders with a 6.0 percent market share (top 1 percent). The first and third top home lenders in this market were U.S. Bank, N.A. with a 6.1 percent market share and Union Savings Bank with a 5.3 percent market share.

For small loans to businesses, HNB ranked ninth out of 126 lenders (top 8 percent) with a market share of 4.1 percent. The top three lenders were American Express National Bank with a market share of 20.1 percent, U.S. Bank, N.A. with a market share of 14.2 percent, and Chase Bank USA, N.A. with a 11.0 percent market share. All three of these lenders issue significant numbers of small business credit cards as a primary business.

For small loans to farms, HNB ranked fourth out of 19 lenders (top 22 percent), with a market share of 10.6 percent. The top three lenders were U.S. Bank, N.A. with a market share of 29.5 percent, John Deere Financial, F.S.B. with a market share of 18.9 percent, and Chase Bank USA, N.A. with a 13.2 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the “MMSA” section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was adequate.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of owner-occupied housing units (OOUs) but approximated the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies was below both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2016, the bank’s geographic distribution of home mortgage loans was consistent with the bank’s geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was excellent.

- For 2017 – 2019, the proportion of small loans to businesses in both low- and moderate-income geographies exceeded both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses.
- For 2016, the bank's geographic distribution of small loans to businesses was consistent with the bank's geographic distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table S in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, HNB did not make any small loans to farms in low-income geographies. The proportion of small loans to farms in moderate-income geographies exceeded both the proportion of small farms located in those geographies and the aggregate distribution of loans to small farms in those geographies.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a good distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was well below the percentage of those families in the AA but approximated the aggregate distribution of all reporting lenders in the AA.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table T in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to farms with revenues of $1 million or less was below the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Cincinnati MMSA AA was excellent. HNB made 27 loans totaling $165.6 million, which represented 36.4 percent of allocated tier 1 capital. The bank made significant use of innovative and/or complex CD loans, involving many complex projects where the bank frequently acted in a leadership role. The bank made 15 loans totaling $89.1 million to revitalize, stabilize, and develop LMI neighborhoods. These loans supported developing or improving new retail centers, restaurants, medical and mental health facilities, student housing and market rate apartment buildings.

The bank made four loans totaling $16.7 million that created 324 units of affordable housing, also a critical need of the AA. Additionally, the bank extended eight loans totaling $59.9 million to organizations providing community services to LMI individuals.

Examples of CD loans in the AA include:

- HNB made a complex construction loan of $30 million to develop an office building in a moderate-income geography in Cincinnati's Madisonville neighborhood. The property was pre-leased to a leading clinical contract research organization focused on providing outsourced clinical development services. The company estimated that this expansion of its existing campus would result in 650 new jobs, including clinical, laboratory and administrative positions. In addition to the research organization's space, there were three retail/restaurant locations to create additional jobs in service industries.
- HNB loaned $28.8 million to refinance existing debt to a skilled nursing facility with six locations in the AA whose overall payor mix includes 56.8 percent Medicaid. The Cincinnati facilities house 492 beds. HNB assumed a leadership role as the syndication agent for this complex project.
- HNB loaned $19.5 million in a construction to mini-permanent loan to develop 204 multi-family units in Cincinnati's Silverton neighborhood, which was in a designated CRA area in the city of Silverton's Comprehensive Plan. In addition to the affordable housing units, this mixed-use development consisted of retail, restaurant, and office space that will revitalize and stabilize the adjacent LMI areas by attracting businesses and residents and creating jobs.

Product Innovation and Flexibility

The institution made extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded two first-time homebuyer mortgages totaling $259,000. Under the *HomeTown Mortgage* loan program, the bank funded 116 first-time homebuyer mortgages totaling $12.2 million. The bank also made 83 unsecured home improvement loans totaling $796,000 and 498 loans under the *Debt Manager* program totaling $6.3 million.

INVESTMENT TEST

The institution's performance under the Investment Test in the Cincinnati MMSA AA is Outstanding.

Based on a full-scope review, the institution's performance in the Cincinnati MSA AA was excellent.

Qualified Investments										
Assessment Area	**Prior Period***		**Current Period**		**Total**				**Unfunded Commitments****	
	#	**$(000's)**	**#**	**$(000's)**	**#**	**% of Total #**	**$(000's)**	**% of Total $**	**#**	**$(000's)**
Full-Scope:										
Cincinnati MMSA	17	4,930	105	39,119	122	100.0	44,049	100.0	13	5,269

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 9.7 percent of tier 1 capital allocated to the AA. This did not include unfunded commitments, which was an additional 1.2 percent of allocated capital.

The institution exhibited excellent responsiveness to credit and community economic development needs. The institution made extensive use of innovative and/or complex investments to support CD initiatives. The bank made 20 complex Low-Income Housing Tax Credit (LIHTC) syndications totaling $27.5 million where the bank often acted in a leadership role with participation from federal, state, local housing agencies, real estate developers, and other financial institutions. In addition, the bank provided 79 grants totaling $1.1 million to a variety of organizations that primarily supported affordable housing and community services.

Examples of CD investments in the AA include:

- Huntington Community Development Corporation (HCDC) invested $5.2 million to purchase a 99.0 percent investor member interest in an historic tax credit partnership. The project involved rehabilitation of a vacant school located in a CRA-eligible geography just north of Cincinnati's central business district. The project converted 150 existing classrooms into 142 one- and two-bedroom naturally occurring affordable apartments.
- HNB invested a total of $5.5 million in a 65-unit LIHTC project to provide affordable housing in the Cincinnati MMSA AA.
- HCDC invested $2 million with a certified CDFI nonprofit to provide financing for affordable housing and community facilities within the Cincinnati MMSA AA.

SERVICE TEST

The institution's performance under the Service Test in the Cincinnati MMSA AA is rated High Satisfactory.

Based on a full-scope review, the institution's performance in the Cincinnati MMSA AA was good.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	**Deposits**	**Branches**						**Population**			
	% of Rated Area Deposits in AA	**# of BANK Branches**	**% of Rated Area Branches in AA**	**Location of Branches by Income of Geographies (%)***				**% of Population within Each Geography***			
				Low	**Mod**	**Mid**	**Upp**	**Low**	**Mod**	**Mid**	**Upp**
Full-Scope:											
Cincinnati MMSA	100.0	36	100.0	0.0	27.8	38.9	33.3	8.7	17.7	39.0	33.4

** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank had no branches in low-income geographies. HNB's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 46 ATMs in the AA, of which 40 were deposit-taking.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Cincinnati MMSA	2	4	0	0	-1	-1

The institution's opening and closing of branches had not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches, one of which was in a moderate-income geography, and opened two branches, one of which was also in a moderate-income geography.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced the various portions of the AA, particularly LMI geographies and/or individuals. HNB maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Of the 36 branches, 34 have drive-through facilities open the same hours as the lobby.

Community Development Services

The institution provided a significant level of CD services.

Bank employees provided financial or job-specific expertise and/or technical assistance for 551 CD service activities to 39 organizations logging 2,421 qualified hours. Over 1,850 hours of assistance were to organizations that provide community services to LMI individuals and families, including first-time homebuyer education and financial literacy education. Employees provided 533 hours serving on the boards of directors or loan committees for eight nonprofit organizations. The bank's assistance was responsive to identified needs in the AA, particularly financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One HNB employee served as a board member and chair of the audit committee for a local chapter of a nonprofit organization that helps women become financially self-sufficient and enter the workforce. The organization trains individuals how to complete job applications, interview successfully, and maintain a job. Ninety-two percent of the women served were LMI, unemployed, or receiving public assistance.
- One HNB employee served as a board member for a small business administration loan provider in Hamilton County, Ohio. The organization also qualifies as a Certified Development Company

that promotes economic development by providing financing and loans to small business in the county.

- One hundred fifty-four HNB employees taught 884 hours of financial literacy classes in 10 schools located in low-income geographies throughout the Cincinnati MMSA AA. The classes took the form of an interactive game that taught fifth grade students ways to budget, save, handle unexpected expenses, discern the difference between low- versus high-risk ventures, and understand financial vocabulary words. The majority of the student enrollment in the schools was eligible to receive free and reduced lunches.

Weirton-Steubenville, WV-OH (Weirton) MMSA

CRA rating for the Weirton MMSA[2]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses and overall borrower distribution were good.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Weirton MMSA

HNB delineated two of the three counties within the Weirton MMSA as an AA. Refer to appendix A for a list of counties reviewed.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $346 million in deposits in the Weirton MMSA AA, representing 0.4 percent of overall bank deposits. The bank originated and purchased $91.3 million in loans, or 0.3 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Weirton MMSA AA were home mortgage loans and small loans to businesses.

HNB operated seven branches, representing 0.8 percent of the bank's branches, and eight ATMs, of which seven were deposit-taking. HNB ranked first out of 12 depository institutions with a 24.2 percent deposit market share. The second and third banks within the MMSA in terms of deposits were Wesbanco Bank, Inc. with a 16.1 percent market share and PNC Bank, N.A. with a 14.0 percent market share.

The following table provides a summary of the demographics, including housing and business information for the Weirton MMSA AA.

[2] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area Assessment Area: Weirton MMSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	31	6.5	16.1	64.5	12.9	0.0
Population by Geography	98,254	2.3	13.5	74.0	10.2	0.0
Housing Units by Geography	47,058	2.6	13.2	74.1	10.0	0.0
Owner-Occupied Units by Geography	29,267	1.7	8.4	77.9	12.0	0.0
Occupied Rental Units by Geography	11,585	3.8	21.2	68.3	6.6	0.0
Vacant Units by Geography	6,206	4.9	21.3	67.1	6.7	0.0
Businesses by Geography	4,851	1.4	15.0	69.9	13.7	0.0
Farms by Geography	154	0.6	5.8	83.8	9.7	0.0
Family Distribution by Income Level	26,497	19.4	19.4	21.4	39.8	0.0
Household Distribution by Income Level	40,852	24.5	15.9	19.0	40.6	0.0
Median Family Income MSA - 48260 Weirton-Steubenville, WV-OH MSA		$52,770	Median Housing Value			$85,139
			Median Gross Rent			$598
			Families Below Poverty Level			12.4%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Information from the October 2019 Moody's Analytics report indicated recent investments in the U.S. steel industry caused the Weirton economy to experience stronger than expected job growth that benefitted consumer industries. Additionally, a large gas compression company recently located its U.S. headquarters in the area. The Moody's analyst expected these expansions to add needed mid- and high-wage jobs to support consumer industries and housing spends. The AA's below-average business and living costs plus a concentration of health care facilities comprised good reasons to locate to the area. However, the area's long-term forecasts remained stagnant. Weirton represented one of West Virginia's poorest economies due to persistent out-migration (more working people moving out of an area than are moving in), an under-skilled workforce, a below-average standard of living, and above-average employment volatility. Moody's indicated the 50-year decline in manufacturing as the major reason for Weirton's population decline. The AA's population decline in 2018 represented one of the fastest in the U.S. Despite an aging remaining population, the analyst forecasted that the overall low wages offered by the healthcare facilities, the area's largest employing industry, will cause working age families to leave the area.

The Federal Housing Finance Agency reported that houses in the area became more affordable and could now be undervalued. House appreciation remained below the rest of West Virginia and much below the U.S. average. New construction was stagnant with significant vacant existing home stock.

Based on information in the above table, low-income families earned less than $26,385 and moderate-income families earned less than $42,216. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $660 for low-income borrowers and $1,055 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MMSA median housing value would be $457.

According to the October 2019 Moody's Analytics report, the Weirton MMSA AA's unemployment rate declined from 7.8 percent in 2016 to 5.4 percent in 2019 but remained above both the 2019 West Virginia and U.S. averages of 4.9 and 3.6 percent, respectively. Top employers were in Government and Education, Healthcare Services, Casino/Racetrack, and the Manufacturing and Processing of Metals.

Information provided by two nonprofit community contacts that supported economic development in the Weirton MMSA AA, one organization supporting brownfield remediation and development, the other providing services focused on health, housing, youth, transportation, emergency assistance, and income management indicate that the most pressing needs of the Weirton MMSA AA included:

- Affordable housing development.
- Remediation of the brownfields left by mining operations.

Scope of Evaluation in Weirton MMSA

The rating for the Weirton MMSA AA is based on a full-scope evaluation of the bank's performance in the AA. Examiners placed more emphasis on home mortgage loans versus small loans to businesses arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in this AA. HNB did not originate enough farm loans in the Weirton MMSA AA to conduct a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEIRTON MMSA

LENDING TEST

The bank's performance under the Lending Test in the Weirton MMSA AA is rated Outstanding.

Based on a full-scope review, the bank's performance in the Weirton MMSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 – 2019					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Weirton MMSA	967	225	3	3	1,198

Dollar Volume of Loans 2016 - 2019 (000)					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Weirton MMSA	$74,063	$17,163	$95	$15,145	$106,466

HNB ranked first in deposits out of 12 depository institutions (top 9 percent), with a 24.2 percent market share in the Weirton MMSA AA. In overall HMDA lending, HNB ranked first out of 126 lenders (top 1 percent), with a 16.7 percent market share. The second and third top lenders in this market were Hancock County Savings Bank, FSB with a 12.9 percent market share and U.S. Bank, N.A. with a 10.1 percent market share.

For small loans to businesses, HNB ranked seventh out of 55 lenders (top 13 percent) with a market share of 6.0 percent. The top three lenders were Synchrony Bank with a market share of 14.7 percent, American Express National Bank with a market share of 10.8 percent, and PNC Bank, N.A. with a market share of 10.7 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibited a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was good.

- For 2017 – 2019, the proportion of home mortgage loans in both low- and moderate-income geographies was below the proportion of OOUs but approximated the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was adequate.

- For 2017 – 2019, the proportion of small loans to businesses in low-income geographies was below the proportion of small businesses located in those geographies but exceeded the aggregate distribution of loans to small businesses.
- For 2017 – 2019, the proportion of small loans to businesses in moderate-income geographies was below the proportion of small businesses located in those geographies but well below the aggregate distribution of loans to small businesses.

- For 2016, the bank's geographic distribution of small loans to businesses was stronger than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to better distribution in moderate-income geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was weaker than the bank's borrower distribution of home mortgage loans for 2017 – 2019 due to poorer distribution to low-income borrowers.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was excellent.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less approximated the percentage of small businesses in the AA and exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Weirton MMSA AA was excellent. HNB made three loans in its AA for a total of $15.1 million, which represented 35.0 percent of tier 1 capital allocated to the AA. The bank made significant use of innovative and/or complex CD loans, involving many complex projects where the bank frequently acted in a leadership role. The bank made two loans totaling $14.0 million to revitalize/stabilize and develop LMI neighborhoods. The bank made one loan totaling $1.1 million for the purpose of affordable housing.

Examples of CD loans in the AA include:

- HNB loaned $11.0 million to construct a 113-room hotel located in a low-income geography and convert the current hotel into student housing for a local university. The project was in a designated Community Reinvestment Target Area, had a tax increment financing property tax abatement, and was expected to create permanent jobs as well as affordable housing for students. This lending was complex as it involved both the construction/permanent loan and mezzanine financing.
- HNB loaned $1.1 million to an organization that constructed 43 units of affordable housing in a LIHTC project in the AA.

Product Innovation and Flexibility

The institution used innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *HomeTown Mortgage* loan program, the bank funded one first-time homebuyer mortgage totaling $100,000. The bank also made 15 unsecured home improvement loans totaling $141,000 and 153 loans under the *Debt Manager* program totaling $1.8 million.

INVESTMENT TEST

The institution's performance under the Investment Test in the Weirton MMSA AA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Weirton MMSA AA was excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Full-Scope:										
Weirton MMSA	5	41	13	4,185	18	100.0	4,226	100.0	4	61

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 9.8 percent of tier 1 capital allocated to the AA.

The investments and grants reflected excellent responsiveness to needs identified in the AA, including affordable housing, community services, and revitalization/stabilization of LMI individuals and geographies. The bank made five LIHTC project investments for $2.9 million. HNB invested $1.2 million to a local school district for capital improvements. The majority of HNB's current period grants and donations of $33,500 were to community service organizations that provided services to LMI individuals.

Examples of CD investments in the AA include:

- HCDC invested $2.8 million and served as the leader for an affordable housing investment. The project rehabilitated a 61-unit senior housing building in a moderate-income geography. The property held a Section 8 Housing Assistance Payment contract with the Department of Housing and Urban Development that covered 60 of the 61 units.
- HNB invested $1.2 million for a local school district improvement bond to cover various capital projects throughout the school district. Over 59 percent of the district's students were eligible to receive free or reduced lunches.

SERVICE TEST

The institution's performance under the Service Test in the Weirton MMSA AA is rated High Satisfactory.

Based on a full-scope review, the institution's performance in the Weirton MMSA AA was good.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Weirton MMSA	100.0	7	100.0	0.0	14.3	71.4	14.3	2.3	13.5	74.0	10.2

** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank had no branches in low-income geographies. HNB's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had eight ATMs in the AA, of which seven were deposit-taking.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Full-Scope:						
Weirton MMSA	0	3	0	0	-3	0

The institution's opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed three branches, none of which were in a low- or moderate-income geography. The bank did not open any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconvenienced the various portions of its AA(s), particularly low- and moderate-income geographies and/or individuals. HNB maintained standard business hours and offered traditional banking products and services at six branch locations in the AA. The seventh branch consisted only of a drive-through facility. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. The six branches with lobbies had drive-through facilities that operated with the same hours.

Community Development Services

The institution provided a significant level of CD services.

Employees provided financial or job-specific expertise and/or technical assistance for 54 CD service activities logging 310 qualified hours, to 10 organizations within this AA. The majority of the bank's assistance, 205 hours, was to organizations that provided community services to LMI individuals and families, including first time homebuyer education, homebuyer counseling, and financial literacy education. Employees provided 105 hours serving on the board of directors or committee for five nonprofit organizations.

The following are examples of CD services provided in this AA:

- One HNB employee served as a board member for a local revitalization nonprofit that rehabilitates owner-occupied housing, homeless and domestic violence shelters, and parks and recreation space located in LMI areas; and provided first-time homebuyer down payment assistance and tenant rental assistance for LMI residents.
- Three HNB employees used the FDIC Money Smart curriculum to teach senior citizens how to prevent financial exploitation, avoid fraud and identity theft, and plan for a secure financial future. The classes were held at a community center in a women's residence housing eight women in transition from homelessness, mental health issues, substance abuse issues, domestic violence, and elder abuse. All residents were LMI individuals.

Wheeling WV-OH (Wheeling) MMSA

CRA rating for the Wheeling MMSA[3]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution and borrower distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses were excellent.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches were readily accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Wheeling MMSA

HNB delineated two of the three counties within the Wheeling MMSA as an AA. On September 29, 2017, HNB closed the one branch in Ohio County, West Virginia. This resulted in the bank no longer being in two or more states of an MMSA. Normally, analysis of 2018-2019 data for the remaining county, Belmont County, Ohio would have been included as a limited-scope analysis area in the state of Ohio analysis. The OCC opted to continue the evaluation of Belmont County, Ohio as an MMSA to continue the full-scope analysis for the full four-year period. Data from Ohio County, West Virginia was not included in the analysis after the branch closure. Refer to appendix A for a list of counties reviewed.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $233.3 million in deposits in the Wheeling MMSA AA, representing 0.3 percent of overall bank deposits. The bank originated and purchased $7.1 million in loans, or 0.2 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Wheeling MMSA AA were home mortgage loans and small loans to businesses.

HNB operated five branches, representing 0.6 percent of the bank's branches, and five ATMs, all of which were deposit-taking. HNB ranked fourth out of 15 depository institutions with a 7.1 percent deposit market share. The top three banks within the MMSA in terms of deposit market share are Wesbanco Bank, Inc. with a 37.6 percent market share, Unified Bank with a 10.0 percent market share, and Belmont Savings Bank with an 8.7 percent market share.

[3] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

The following table provides a summary of the demographics, including housing and business information for the Wheeling MMSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Wheeling MMSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	38	0.0	31.6	50.0	18.4	0.0
Population by Geography	113,197	0.0	18.4	60.3	21.3	0.0
Housing Units by Geography	53,317	0.0	21.0	60.6	18.4	0.0
Owner-Occupied Units by Geography	33,302	0.0	15.1	64.2	20.7	0.0
Occupied Rental Units by Geography	13,041	0.0	31.5	52.9	15.6	0.0
Vacant Units by Geography	6,974	0.0	29.4	58.2	12.4	0.0
Businesses by Geography	7,175	0.0	24.6	54.3	21.1	0.0
Farms by Geography	222	0.0	9.9	70.7	19.4	0.0
Family Distribution by Income Level	28,612	18.8	19.3	20.5	41.4	0.0
Household Distribution by Income Level	46,343	24.9	16.5	16.9	41.7	0.0
Median Family Income MSA - 48540 Wheeling, WV-OH MSA		$56,853	Median Housing Value			$98,037
			Median Gross Rent			$549
			Families Below Poverty Level			9.8%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Information from the October 2019 Moody's Analytics report indicated the Wheeling MMSA AA economy has been growing faster than regional peer MMSAs. The AA ranks among the 10 fastest growing metropolitan areas nationally. Mining and construction expanded rapidly in 2019 and dominated local hiring. The economy's strengths include abundant natural energy resources, high housing affordability, and below-average business and living costs. Moody's expects the Wheeling MMSA AA economy's net hiring in goods-producing industries (mining and natural gas production) will slow from the 2019 pace, but still exceed the national average in the near term. Moody's also expects mining and construction to remain a key source of jobs due to West Virginia's "Roads to Prosperity" plan and the build-out of natural gas production, including construction of a $5 billion pipeline. West Virginia also spent nearly $100 million to update state roads since October 2017, funding construction jobs.

Moody's analysts also expect rising international demand for coal to contribute to the Wheeling MMSA AA's economic growth, lifting the price of coal and prompting firms to reopen currently idled mines. They expect the positive effect from the growth in energy and construction industries will prompt growth in other businesses, including new restaurants and entertainment venues, and professional and business services.

Based on information in the above table, low-income families earned less than $28,427 and moderate-income families earned less than $45,482. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $711 for low-income borrowers and $1,137 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MMSA median housing value would be $526.

According to Moody's Analytics, the Wheeling MMSA AA's unemployment rate declined from 7.0 percent in 2016 to 5.0 percent in 2019. Top employers are in Local Government, Healthcare, State Government, Energy, Manufacturing, and Education. The growth in jobs indicates that the Wheeling MMSA AA's previous decades of population losses should slow and possibly increase. The energy industry is known for boom and bust cycles. Further, the resident population is rapidly aging. Unless the MMSA attracts new industries with less cyclical volatility, in the long-term, low educational attainment and further rapid population losses could cause Wheeling to underperform the region and nation.

Information provided by two community contacts that served the Wheeling MMSA AA, one state-chartered public agency with a mission to provide subsidized housing for eligible citizens in the AA and one interstate regional planning and development council of governments, indicated the most pressing needs of the area include:

- Financing for affordable housing.
- Community development funding.

Scope of Evaluation in Wheeling MMSA

The rating for the Wheeling MMSA AA is based on a full-scope evaluation of the bank's performance in the AA. There were no low-income geographies within this AA, therefore geographic distribution conclusions are based on performance in moderate-income geographies only. Examiners placed more emphasis on home mortgage loans versus small loans to businesses in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in this AA. HNB did not originate any small loans to farms in this AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WHEELING MMSA

LENDING TEST

The bank's performance under the Lending Test in the Wheeling MMSA AA is rated Outstanding.

Based on a full-scope review, the bank's performance in the Wheeling MMSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Wheeling MMSA	639	181	0	2	822

Dollar Volume of Loans 2016 - 2019 (000)					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Wheeling MMSA	$70,794	$6,340	$0	$6,722	$83,856

HNB ranked fourth in deposits out of 15 depository institutions (top 27 percent) in the Wheeling MMSA AA with a 7.1 percent market share. In overall HMDA lending, HNB ranked second out of 134 lenders (top 2 percent) with an 8.9 percent market share. The first and third top lenders in this market were Wesbanco Bank, Inc. with a 15.0 percent market share and Main Street Bank Corp. with a 7.1 percent market share.

For small loans to businesses, HNB ranked tenth out of 58 lenders (top 18 percent) with a market share of 3.4 percent. The top three lenders were Synchrony Bank with a market share of 15.0 percent, American Express National Bank with a market share of 13.7 percent, and Chase Bank USA, N.A. with a market share of 13.7 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibited an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was excellent.

- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies exceeded both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was weaker than the bank's geographic distribution of home mortgage loans for 2017 – 2019 due to lower distributions in moderate-income geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was adequate.

- For 2017 – 2019, the proportion of small loans to businesses in moderate-income geographies was below both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses.
- For 2016, the bank's geographic distribution of small loans to businesses was stronger than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to better distribution in moderate-income geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was excellent.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was weaker than the bank's distribution of small loans to businesses for 2017 – 2019 due to poorer distribution of loans to small businesses in the AA.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Wheeling MMSA AA is excellent. HNB made two loans in its AA for a total of $6.7 million, which represented 23.0 percent of tier 1 capital allocated to the AA. The bank made significant use of innovative and/or complex CD loans; both loans involved complex projects in the LIHTC program and supported affordable housing projects. One example of a CD loan in the AA is a $5.9 million construction loan to a LIHTC project for the renovation of 51 units of senior housing located within the AA. The project operated with a Section 8 contract for 50 of the units.

Product Innovation and Flexibility

The institution made limited use of innovative and/or flexible lending practices in order to serve AA credit needs.

The bank also made 16 unsecured home improvement loans totaling $98,000 and 80 loans under the *Debt Manager* program totaling $1.0 million.

INVESTMENT TEST

The institution's performance under the Investment Test in the Wheeling MMSA AA is Outstanding.

Based on a full-scope review, the institution's performance in the Wheeling MMSA AA was excellent.

Qualified Investments										
Assessment Area	**Prior Period***		**Current Period**		**Total**				**Unfunded Commitments****	
	#	**$(000's)**	**#**	**$(000's)**	**#**	**% of Total #**	**$(000's)**	**% of Total $**	**#**	**$(000's)**
Full-Scope:										
Wheeling MMSA	4	158	11	4,357	15	100.0	4,515	100.0	2	15

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 15.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflected excellent responsiveness to needs identified in the AA, including affordable housing and community services for LMI individuals and geographies. The bank made six LIHTC project investments for $4.5 million which involved complex syndications where the bank sometimes acted in a leadership role with participations from federal, state, local housing agencies, real estate developers and other financial institutions. The bank's current period grants and donations of $8,000 were to community service organizations that provided services to LMI individuals.

Examples of CD investments in the AA include:

- HCDC invested $3.4 million in an 18-unit affordable housing construction project utilizing LIHTCs and a public housing subsidy. The property consisted of three sites in a moderate-income neighborhood northeast of downtown Wheeling, West Virginia.
- HCDC invested $762,000 in a 40-unit LIHTC project in Wheeling, West Virginia.

SERVICE TEST

The institution's performance under the Service Test in the Wheeling MMSA AA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Wheeling MMSA AA was excellent.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Wheeling MMSA	100.0	5	100	0.0	20.0	60.0	20.0	0.0	18.7	60.3	21.3

** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA. There were no low-income geographies within the AA. HNB's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had five ATMs in the AA, all of which were deposit-taking.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Full-Scope:						
Wheeling MMSA	0	1	0	0	0	-1

The institution’s opening and closing of branches had not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not open any branches and closed one branch in an upper-income geography.

Services, including where appropriate, business hours, did not vary in a way the inconvenienced the various portions of its AA, particularly low- and moderate-income geographies and/or individuals HNB maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Branches were open Monday through Thursday from 9:00 am to 4:00 pm or 5:00 pm, Friday from 9:00 am to 5:00 pm or 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Out of the five branches, four had drive-through facilities and one was a drive-through facility only.

Community Development Services

The institution provided a significant level of CD services.

Bank employees provided financial or job-specific expertise and/or technical assistance for 45 CD service activities to seven organizations logging 243 qualified hours within this AA. The majority of the bank’s assistance, 159 hours, was to organizations that provided community services to LMI individuals and families, including financial literacy education. Two bank employees also served on the board of directors for two nonprofit organizations, providing 50 hours of assistance. The bank’s assistance was responsive to identified needs in the AA, particularly with financial education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One HNB employee served as a board member and raised funds for a local nonprofit organization that provides daycare to LMI families. The state of West Virginia acknowledges the level of poverty of these families by including a state subsidy for childcare which this daycare accepts.
- Five HNB employees provided financial education to inmates of an Ohio correctional institution who were nearing release. Statistics from this facility show that 80 percent of Ohio’s inmates are high school dropouts, and 30 percent of male and 20 percent of female inmates are functionally illiterate. The average income of persons with less than a high school diploma approximates $25,000 a year, reflecting that the individuals served are LMI.
- Eight HNB employees taught financial literacy classes in a Wheeling, West Virginia middle school. Approximately 60 percent of enrolled students received free or reduced lunches.

Youngstown-Boardman-Warren OH-PA (Youngstown) MMSA

CRA rating for the Youngstown MMSA[4]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was adequate and overall borrower distribution was excellent.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in the Youngstown MMSA

HNB delineated the entirety of the Youngstown MMSA as an AA. Refer to appendix A for a list of counties reviewed.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $2.2 billion in deposits in the Youngstown MMSA AA, representing 2.6 percent of overall bank deposits. The bank originated and purchased $757.6 million in loans, or 2.1 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Youngstown MMSA AA were home mortgage loans and small loans to businesses.

HNB operated 36 branches, representing 4.0 percent of the bank's branches, and 46 ATMs, of which 36 were deposit-taking. HNB ranked first out of 18 depository institutions with a 20.7 percent deposit market share. The second and third placed banks within the MMSA in terms of deposit market share were First National Bank of Pennsylvania with a 13.0 percent market share and Home Savings Bank with a 12.1 percent market share.

The following table provides a summary of the demographics, including housing and business information for the Youngstown MMSA AA.

[4] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area Assessment Area: Youngstown MMSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	155	14.2	20.0	45.8	20.0	0.0
Population by Geography	556,243	8.7	15.4	50.3	25.7	0.0
Housing Units by Geography	258,796	9.3	16.6	49.6	24.5	0.0
Owner-Occupied Units by Geography	161,805	5.1	12.5	53.0	29.3	0.0
Occupied Rental Units by Geography	68,359	14.5	23.7	44.7	17.0	0.0
Vacant Units by Geography	28,632	20.5	22.6	42.0	14.9	0.0
Businesses by Geography	32,460	7.7	12.3	44.6	35.3	0.0
Farms by Geography	1,230	2.0	6.4	55.9	35.7	0.0
Family Distribution by Income Level	146,502	20.5	18.4	20.6	40.5	0.0
Household Distribution by Income Level	230,164	23.9	16.1	18.0	42.0	0.0
Median Family Income MSA - 49660 Youngstown-Warren-Boardman, OH-PA MSA		$55,174	Median Housing Value			$98,762
			Median Gross Rent			$630
			Families Below Poverty Level			12.7%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Information from the October 2019 Moody's Analytics report indicated the Youngstown MMSA AA economy faced challenging times due to annual employment declines in each of the last three years. One of the larger declines in employment occurred in 2019. A major U.S. automaker closed an automobile assembly plant in Lordstown, Ohio, part of the Youngtown MMSA, a plant that at one point employed 4,500 workers. An automobile manufacturer of electric vehicles has acquired the assembly plant but production at the plant will not occur until 2020 and the plant will only employ 400 workers. More broadly, manufacturers who sold motor vehicle parts and supplies to the closed plant struggle. Transportation equipment manufacturing makes up one-fifth of Youngstown's factory payrolls.

The Youngstown MMSA AA's strengths consist of a large healthcare industry, the area's advantageous location above the Utica and Marcellus shale reserves, and highly affordable and undervalued housing. An additional strength is the recent higher demand for specialty steel products tied to greater oil and gas exploration. The economy's weaknesses, however, include a heavy reliance on manufacturing, exposing the metropolitan area to large job losses in 2019, and a declining population that constrains long-term growth of basic service industries. Other manufacturing or production industries in the AA also declined in the last three years or show signs of future deterioration. Youngstown's steel industry produces steel tubes supporting oil and gas drilling operations. Active rig counts nationally declined from their post-energy-bust in mid-2018. Additionally, shale drillers found new ways to use less steel in their production of oil from shale. Steel related industries' employment decreased by seven percent in 2019. Statewide metal exports are down 15 percent year-over-year. Employment in the Youngstown MMSA AA has been near its pre-recession low for the past five years. Average hourly earnings improved modestly, but still lag the Ohio average.

The Youngstown MMSA AA's housing market struggles amid labor market and demographic challenges. House price appreciation in the AA ranks in the bottom 10 percent nationwide and has not accelerated in over a decade. Among U.S. Metropolitan areas losing large numbers of residents to out-migration since 2010, Youngstown ranks twelfth, nationwide. The exodus of working-age residents compounds labor market struggles and falling household formation negatively impacts housing demand.

Based on information in the above table, low-income families earned less than $27,587 and moderate-income families earned less than $44,139. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $690 for low-income borrowers and $1,103 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MMSA median housing value would be $530.

The Youngstown MMSA AA's unemployment rate declined from 6.4 percent in 2016 to 5.6 percent in 2019 but remains above the national and Ohio average rates in 2019. Top employers in the MMSA include the Local, State, and Federal Government sector, Health Care/Services, Manufacturing, Call Centers, and Education.

Information provided by two nonprofit community contacts that served the Youngstown MMSA AA, one representing the city's planning and economic development department and the other a neighborhood development organization whose primary mission is to support strategic neighborhood reinvestment, indicated the most pressing needs of the area include:

- Working capital lines of credit for small developers, contractors, and do-it-yourselfers.
- Small loans and grants to use for home repair or rehabilitation, auto repair, emergencies, etc.
- Affordable rental properties.
- Workforce development programs.
- Financial literacy education and first-time homebuyer counseling.
- Tax preparation for LMI individuals and families.
- Affordable entry-level transaction accounts, credit repair products, secured credit cards, and second chance checking accounts.

Scope of Evaluation in Youngstown MMSA

The rating for the Youngstown MMSA AA is based on a full-scope evaluation of the bank's performance in the AA. Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in this AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN YOUNGSTOWN MMSA

LENDING TEST

The bank's performance under the Lending Test in the Youngstown MMSA AA is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the Youngstown MMSA AA was good.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 – 2019					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Youngstown MMSA	5,884	2,226	43	17	8,170

Dollar Volume of Loans 2016 - 2019 (000)					
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**
Full-Scope:					
Youngstown MMSA	$562,261	$192,962	$2,358	$15,613	$773,194

HNB ranked first in deposits out of 18 depository institutions (top 6 percent), with a 20.7 percent market share in the AA. In overall HMDA lending, HNB ranked first out of 305 lenders (top 1 percent) with a 15.0 percent market share. The second and third top lenders in this market were Seven Seventeen Credit Union with an 8.4 percent market share and Home Savings Bank with a 5.8 percent market share.

For small loans to businesses, HNB ranked fourth out of 94 lenders (top 5 percent) with a market share of 8.3 percent. The top three lenders were American Express National Bank with a market share of 13.6 percent, Chase Bank USA, N.A. with a market share of 13.1 percent, and PNC Bank, N.A. with a market share of 11.3 percent.

For small loans to farms, HNB ranked fifth out of 14 lenders (top 36 percent), with a market share of 12.1 percent. The top three lenders were Farmers National Bank with a market share of 26.0 percent, Chase Bank USA, N.A. with a market share of 17.3 percent, and First National Bank of Pennsylvania with a 15.0 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was adequate.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was significantly below the proportion of OOUs but exceeded the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies was near-to the proportion of OOUs but exceeded the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was stronger than the bank's geographic distribution of home mortgage loans for 2017 – 2019 due to better distribution in low-income geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was excellent.

- For 2017 – 2019, the proportion of small loans to businesses in both low- and moderate-income geographies exceeded both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses.
- For 2016, the bank's geographic distribution of small loans to businesses was weaker than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to poorer distribution in moderate-income geographies.

Small Loans to Farms

Refer to Table S in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank and only 8.4 percent of farms were in low- or moderate-income geographies.

- For 2017 – 2019, HNB did not make any small loans to farms in either low- or moderate-income geographies.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an excellent distribution of loans among individuals of different income levels and businesses and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was excellent.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was near-to the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019

Small Loans to Farms

Refer to Table T in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to farms with revenues of $1 million or less was below the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

Community Development Lending

The institution made a good level of CD loans. CD lending had a neutral impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Youngstown MMSA AA was good. HNB made 17 loans totaling $15.6 million, which represented 5.6 percent of allocated tier 1 capital. The bank made seven loans totaling $3.7 million related to economic development. HNB made one loan totaling $3.2 million for the primary purpose of affordable housing, a critical AA need. Additionally, the bank extended nine CD loans totaling $8.7 million for the primary purpose of community services to assist LMI individuals.

Examples of CD Loans in the AA include:

- HNB renewed a $2 million working capital line-of credit to a nonprofit designated as a Federally Qualified Health Center (FQHC) to provide medical services to the under-served. FQHCs provide community health centers, public housing centers, and outpatient health programs, and other programs serving migrants and the homeless.
- HNB provided a $3.2 million LIHTC construction loan to build 40 permanent supportive housing units for homeless persons in a moderate-income geography in Youngstown, Ohio. This complex transaction contained various funding sources including LIHTC equity, an Ohio housing development assistance program, and a Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) grant.

Product Innovation and Flexibility

The institution made extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded three first-time homebuyer mortgages totaling $125,000. Under the *HomeTown Mortgage* loan program, the bank funded 28 first-time homebuyer mortgages totaling $1.8 million. The bank also made 131 unsecured home improvement loans totaling $1.1 million and 720 loans under the *Debt Manager* program totaling $8.4 million.

INVESTMENT TEST

The institution's performance under the Investment Test in the Youngstown MMSA AA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Youngstown MMSA AA was excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Full-Scope:										
Youngstown MMSA	6	2,652	52	25,094	58	100.0	27,746	100.0	4	36

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 10.0 percent of tier 1 capital allocated to the AA.

The institution exhibited excellent responsiveness to credit and community economic development needs. The institution made extensive use of innovative and/or complex investments to support CD initiatives. The bank made 12 investments in LIHTC funds totaling $18.3 million. HNB made four investments totaling $6.8 million in local municipal bonds to improve services to their residents, of which more than 60 percent were low- or moderate-income. Additionally, the bank provided 34 grants totaling $304,000 to a variety of organizations that primarily supported affordable housing, small business incubation, and community services.

Examples of CD investments in the AA include:

- HCDC invested $5.5 million in an LIHTC rehabilitation project of 173 senior apartments. The location was in downtown Youngstown, Ohio, and targeted seniors aged 62 and older, earning up to 60 percent of the area median income (AMI). All 173 units will continue to receive Section 8 project-based rental assistance through a 20-year contract.
- HNB provided a complex $3.5 million proprietary equity investment in a 40-unit LIHTC permanent supportive housing building for homeless persons in a moderate-income geography in Youngstown, Ohio. Permanent funding sources include the LIHTC equity, a state mental health organization, an Ohio housing development assistance program, and an FHLB AHP Program grant.

SERVICE TEST

The institution's performance under the Service Test in the Youngstown MMSA AA is rated High Satisfactory.

Based on a full-scope review, the institution's performance in the Youngstown MSA AA was good.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Youngstown MMSA	100.0	36	100.0	5.6	16.7	38.8	38.9	8.7	15.4	50.3	25.7

** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA. HNB's distribution of branches in low-income geographies was below, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 46 ATMs in the AA, of which 36 were deposit-taking.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Full-Scope:						
Youngstown MMSA	0	4	-1	0	-1	-2

The institution's opening and closing of branches had not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not open any branches during the evaluation period. HNB closed four branches, only one of which was in a low-income geography. While the closure lowered the number of branches in low-income geographies, there was minimal impact on the bank's ability to service LMI individuals as supported by the lending test conclusions. The branch was closed due to low customer usage.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced the various portions of its AA, particularly low- and moderate-income geographies and/or individuals. HNB maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Branches were open Monday through Thursday from 9:00 am to 4:00 pm or 5:00 pm, Friday from 9:00 am to 5:00 pm or 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Of the 36 branches, 18 had drive-through facilities and two were drive-up only facilities. HNB maintained the same hours as the lobby for all branches with drive-through facilities. Ten branches are located in grocery stores and were open Monday through Friday from 10:00 am to 7:00 pm, and Saturday and

Sunday from 10:00 am to 3:00 pm. HNB made all services available at all branches except the drive-up only facilities that served only as deposit/withdrawal operations.

Community Development Services

The institution provided a significant level of CD services.

Bank employees provided financial or job-specific expertise and/or technical assistance for 291 CD service activities to 38 organizations logging 2,031 qualified hours within this AA. The majority of the bank's assistance, 1,255 hours, was to organizations that provide community services to LMI individuals and families by providing financial literacy education in local schools. Two employees served on the board of directors for two nonprofit organizations, providing 344 hours of assistance. The bank's assistance was responsive to identified needs in the AA, particularly with financial education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One hundred-eleven HNB employees taught 1,255 hours of financial literacy classes in schools located in low-income geographies throughout the Youngstown MMSA AA. Between 93 percent and 100 percent of students participated in free and reduced lunch programs.
- One HNB employee served as a board member for the local chapter of a national nonprofit organization that trains volunteers to build or rehabilitate houses that are then sold at affordable prices to low-income borrowers with a below-market interest rate loan.
- One HNB employee served as a board member and on the loan fund committee of a local city business incubator that revitalized a downtown area located in a low-income geography. The activities of the board and loan fund committee include the promotion and funding for the expansion of small and micro technology-based businesses in the downtown revitalization area.

State Rating

State of Florida

CRA rating for the State of Florida: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution and borrower distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses were adequate.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an adequate level of qualified investments, grants, and donations.

- The bank's branches were reasonably accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Florida

HNB delineated one AA within Florida, which was the entire Naples-Immokalee-Marco Island, FL (Naples) MSA. Refer to appendix A for a list of counties reviewed.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $68.2 million in deposits in the Naples MSA AA, representing 0.1 percent of overall bank deposits. The bank originated and purchased $127.9 million in loans, or 0.3 percent of total bank loan originations and purchases during the evaluation period.

HNB had only one branch in the Naples MSA AA, representing 0.1 percent of the bank's branches and had no ATMs. HNB ranked 28th out of 34 depository institutions with 0.4 percent deposit market share. The top three banks in the AA in terms of deposits are KeyBank, N.A. with a 13.4 percent market share, Fifth Third Bank with a 13.4 percent market share, and Wells Fargo Bank, N.A. with a 10.6 percent market share.

HNB's location in this AA is primarily a Private Financial Client Group (PFG) office used to service clients who live part-time in Naples, Florida, and the surrounding area. While this location provides services to non-PFG customers, the bank does not actively market loan products throughout the AA. As a result, examiners considered HNB's limited branch presence and retail product delivery when determining conclusions.

Naples MSA

The following table provides a summary of the demographics, including housing and business information for the Naples MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Naples MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	74	8.1	20.3	35.1	35.1	1.4
Population by Geography	341,091	7.2	23.5	38.0	31.3	0.0
Housing Units by Geography	201,582	3.6	18.3	38.0	40.0	0.0
Owner-Occupied Units by Geography	93,733	2.3	16.3	41.3	40.1	0.0
Occupied Rental Units by Geography	36,155	9.5	28.3	37.8	24.5	0.0
Vacant Units by Geography	71,694	2.4	15.9	33.8	47.8	0.0
Businesses by Geography	55,264	2.7	13.5	39.0	44.8	0.0
Farms by Geography	1,442	4.9	20.3	43.4	31.3	0.0
Family Distribution by Income Level	87,665	20.8	17.7	19.3	42.2	0.0
Household Distribution by Income Level	129,888	22.3	17.1	18.4	42.2	0.0
Median Family Income MSA - 34940 Naples-Marco Island, FL MSA		$66,264	Median Housing Value			$347,465
			Median Gross Rent			$1,087
			Families Below Poverty Level			9.1%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Information from the October 2019 Moody's Analytics report indicated the Naples MSA AA economy has added jobs at nearly twice the national rate for most of 2019. Tourism continues as an economic driver. One in five employed people in the AA work in the leisure/hospitality industry. Construction contributed double-digit job growth for most of 2019. The metro area is adding residents more quickly than both the state and national rates, driven by retired senior citizens continuing to relocate to southwest Florida. Housing demands are high as the population grows. However, the area is relatively unaffordable compared with other Florida metro areas. Tourists and retirees continue to support service-related industries.

The largest employers in the Naples MSA AA include Publix Super Market Inc., Naples Community Hospital Inc., Walmart Inc., and Chico's Inc. According to U.S. Bureau of Labor Statistics (BLS), the unemployment rate for the Naples MSA AA in December 2019 was 2.5 percent, decreasing significantly from 4.7 percent in January 2016.

Based on information in the above table, low-income families earned less than $33,132 and moderate-income families earned less than $53,011. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $828 for low-income borrowers and $1,865 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $1,865. Both low- and moderate-income borrowers would be challenged to afford a mortgage loan in this AA.

Information provided in an interview with a community contact that represented a housing development corporation serving the Naples MSA AA identified the following needs within the Naples MSA AA:

- Affordable mortgages.
- Housing rehabilitation loans and lines of credit.
- Financial education, including first-time homebuyer programs and counseling.
- Affordable entry-level transaction accounts, including credit repair products.
- Secured credit cards and small dollar loans.

Scope of Evaluation in Florida

Examiners based the rating of the state of Florida on the area that received a full-scope review. Examiners conducted a full-scope review of the Naples MSA AA, which was the only AA in the state. Examiners placed more emphasis on home mortgage loans versus small loans to businesses in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in this AA. HNB did not originate any farm loans in the Naples MSA AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

The bank's performance under the Lending Test in Florida is rated High Satisfactory

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Naples MSA AA was good.

Lending Activity

Lending levels reflected good responsiveness to AA credit needs.

Number of Loans 2016 – 2019							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Naples MSA	202	72	0	1	275	100.0	100.0

Dollar Volume of Loans 2016 - 2019 (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Naples MSA	$109,720	$18,273	$0	$2,086	$130,079	100.0	100.0

HNB ranked 28th in deposits out of 34 depository institutions (top 83 percent), with a 0.4 percent market share in the AA. In overall HMDA lending, HNB ranked 53rd out of 662 lenders with a 0.4 percent market share (top 9 percent). The top three lenders in this market were Wells Fargo Bank, N.A. with a 9.4 percent market share, Quicken Loans Inc. with a 4.3 percent market share, and JPMorgan Chase Bank, N.A. with a 3.7 percent market share.

For small loans to businesses, HNB ranked 38th ninth out of 129 lenders (top 30 percent) with a market share of 0.2 percent. The top three lenders were American Express National Bank with a 23.0 percent market share, Chase Bank USA, N.A. with a 12.0 percent market share, and Bank of America, N.A. with a 11.5 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was adequate considering the bank's strategic focus within the Naples MSA AA.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was significantly below the proportion of OOUs and well below the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies was well below both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was adequate.

- For 2017 – 2019, the bank made no loans in low-income geographies.
- For 2017 – 2019, the proportion of small loans to businesses in moderate-income geographies was exceeded both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses.
- For 2016, the bank's geographic distribution of small loans to businesses was consistent with the bank's geographic distribution of small loans to businesses for 2017 – 2019.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an adequate distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was adequate considering the bank's strategic focus within the Naples MSA AA.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was significantly below the percentage of those families in the AA but well below the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers was significantly below both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Naples MSA AA was excellent. HNB originated one CD loan totaling $2.1 million, which represented 24.5 percent of tier 1 capital allocated to the AA. The loan was to acquire an existing five-location dry cleaner, of which two locations were in moderate-income geographies. The loan allowed for the retention of 34 jobs and the creation of four new jobs.

Product Innovation and Flexibility

The institution made no use of innovative and/or flexible lending practices in order to serve AA credit needs.

INVESTMENT TEST

The bank's performance under the Investment Test in Florida is rated Low Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Naples MSA AA was adequate.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Full-Scope:										
Naples MSA	1	13	9	53	10	100.0	66	100.0	0	$0

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an adequate level of qualified CD investments or grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. While the dollar volume of current- and prior-period investments represented 0.8 percent of tier 1 capital allocated to the AA, consideration was given for a prior-period investment that unexpectedly paid off at the end of 2018. Market competition and lack of investment opportunities within the Naples MSA AA prevented HNB from obtaining a similar-sized investment during the last year of the evaluation period.

The institution exhibited adequate responsiveness to credit and community economic development needs. The institution rarely used innovative and/or complex investments to support CD initiatives. The bank provided nine grants totaling $53,080 to a variety of organizations that primarily supported community services. The bank also had one prior-period investment of $12,703 to a LIHTC fund that provided affordable housing.

SERVICE TEST

The bank's performance under the Service Test in Florida is rated Low Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Naples MSA AA was adequate.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Naples MSA	100.0	1	100.0	0.0	0.0	0.0	100.0	7.2	23.5	38.0	31.3

** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were reasonably accessible to geographies and individuals of different income levels in the institution's AA. The bank had only one branch and no ATMs located in this AA. The branch was in an office building in an upper-income geography. This was reasonable considering the location was for private banking clients and not providing typical retail services.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Full-Scope:						
Naples MSA	0	0	0	0	0	0

The bank did not open or close any branches in the Naples MSA AA during the evaluation period.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly low- and moderate-income geographies and/or individuals. HNB's branch in the Naples MSA AA was open Monday through Friday from 9:00 am to 4:00 pm.

Community Development Services

The institution provided an adequate level of CD services.

Three HNB employees served in leadership roles for three different organizations in the Naples MSA AA by participating on boards and committees. They provided financial or job-specific expertise and/or technical assistance for 16 CD service activities, providing a total of 82 qualified hours.

The following are examples of CD services provided in this AA:

- An HNB employee was on the board of directors of two organizations supporting LMI education to public schools in Immokalee, Florida. The free and reduced lunch program participation rate at the county public schools exceeded 95.0 percent.
- One HNB employee was on the board of directors of an organization that provided shelter and services to victims of domestic violence and human trafficking. According to the organization, over 96.0 percent of its clients are LMI individuals.

State of Illinois

CRA rating for the State of Illinois: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution and borrower distribution of the bank's originations and purchases of home mortgage loans, small loans to businesses, and small loans to farms were adequate.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Illinois

HNB delineated one AA within Illinois which was comprised of portions of the Chicago-Naperville-Arlington Heights, IL MD, the Elgin MD, and Lake County-Kenosha County, IL-WI MD. Examiners combined these MDs at the MSA level (Chicago MSA AA) for analysis and presentation purposes. Refer to appendix A for a list of counties reviewed. HNB did not have any branches in Illinois prior to its merger with FirstMerit in August 2016.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $2.5 million in deposits in the Chicago MSA AA, representing 2.9 percent of overall bank deposits. The bank originated and purchased $275.0 million in loans, or 0.1 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in Illinois were home mortgage loans and small loans to businesses.

HNB had 35 branches in the Chicago MSA AA, representing 3.9 percent of the bank's branches and had 36 ATMs, of which 35 are deposit-taking. HNB ranked 18th out of 154 depository institutions with 0.6 percent deposit market share. The top three banks in the AA in terms of deposits include JPMorgan Chase Bank, N.A. with a 21.3 percent market share, BMO Harris Bank, N.A. with a 15.8 percent market share, and Bank of America, N.A. with a 9.1 percent market share.

Chicago MSA

The following table provides a summary of the demographics, including housing and business information for the Chicago MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Chicago MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	1,975	14.1	24.0	28.3	32.8	0.9
Population by Geography	8,385,941	10.1	24.0	30.8	34.9	0.2
Housing Units by Geography	3,334,182	10.4	22.8	30.8	35.7	0.3
Owner-Occupied Units by Geography	1,933,214	4.5	18.0	34.4	43.0	0.1
Occupied Rental Units by Geography	1,095,864	17.5	29.8	26.1	25.9	0.7
Vacant Units by Geography	305,104	22.4	28.0	24.7	24.5	0.5
Businesses by Geography	580,582	4.9	15.4	29.0	50.2	0.5
Farms by Geography	9,005	3.4	15.2	37.8	43.5	0.1
Family Distribution by Income Level	1,985,710	23.5	16.3	18.5	41.7	0.0
Household Distribution by Income Level	3,029,078	25.4	15.2	17.0	42.4	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		$75,024	Median Housing Value			$248,020
Median Family Income MSA - 20994 Elgin, IL		$80,899	Median Gross Rent			$1,055
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI		$87,137	Families Below Poverty Level			10.5%

Source: 2015 ACS Census and 2019 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Information from the November 2019 Moody's Analytics report indicated Chicago's economy is in a period of very slow growth. Employment growth decelerated or abated in most industries and the housing market is among the weakest in the top U.S. metro areas. The jobless rate declined to a new low of 3.6 percent as labor force gains moderated. Chicago's vast transportation and distribution network adds strength to the city's economy. Job growth in the logistics industry outpaced both national and other local industry growth levels. The city's central U.S. location and transportation advantages, such as the international airport with direct connections around the globe, make Chicago a distribution and logistics hub. E-commerce gains spurred major investments and jobs in transportation and warehousing grew at triple the pace of overall job growth during this expansion period.

The city's popularity with tourists fueled strong visitor spending but leisure/hospitality employment slowed with the U.S. economy. Per the Moody's Analytics report, investment income accounts for a large share of personal income for Chicago residents and although stocks traded near record highs in 2018 and 2019, a projected softening of the market in 2020 will increase risk to investor portfolios. Real estate offered little support and the lack of house price appreciation undermined wealth effect spending. Weak City of Chicago public finances make the Chicago MSA unusually vulnerable to the next economic downturn. Chicago and Illinois both struggle with mounting pension obligations and a shrinking population. The city's financial woes are among the most severe nationally. Trends in the number of residents leaving Chicago exceeding the number of residents coming into Chicago indicate a looming tax base erosion. That in turn indicates a need to replace the tax base and the potential for taxes rising, which often causes more residents to leave than are coming into an area. Moody's Analytics' stress test of state budgets finds that Illinois is among the least prepared for the next recession. Longer term, Chicago will likely lag its peers and the nation because of adverse population trends and extraordinary fiscal pressure on the state and city governments.

Chicago remains a major center for business, distribution, transportation, and finance. The city has access to a large talent pool and many well-regarded educational institutions. Future employment expansion is expected from a new and growing high-tech center in the River North neighborhood. However, the city has definite weaknesses that must be overcome including state and local budgetary pressures, adverse population trends, and a high crime rate.

Based on information in the above table, low-income families earned between $37,512 and $43,569 and moderate-income families earned between $60,019 and $69,710, depending on the MD. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Depending on the MD, this calculated to a maximum monthly mortgage payment between $938 and $1,089 for low-income borrowers and between $1,500 and $1,743 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MMSA median housing value would be $1,331. Low-income borrowers would be challenged to afford a mortgage loan in this AA.

According to the U.S. BLS, the Chicago MSA AA unemployment rate decreased throughout the evaluation period, averaging 5.7 percent in 2016, 4.9 percent in 2017 and 2018, and 3.8 percent in 2019. In 2017 and 2018, the unemployment rate in the AA mirrored the overall state of Illinois unemployment rate but was slightly lower in 2016 and 2019. The state's unemployment rate averaged 5.8 percent in 2016, 4.9 percent in 2017 and 2018, and 4.0 percent in 2019.

Information provided by 11 community contacts, five from economic development entities, three from affordable housing organizations, and three from local government agencies, identified the following needs within the Chicago MSA AA:

- Credit building programs for those with credit scores under 600.
- Co-lending for community development.
- Micro loans and permanent capital grants to small businesses.
- Affordable mortgage loans, including those for home repair.
- Assistance for the unbanked and underbanked, including affordable deposit products.
- Small business development expertise.
- Financial literacy and first-time homebuyer education classes.
- Investment in community development financial institutions.

Scope of Evaluation in Illinois

Examiners based the rating of the state of Illinois on the area that received a full-scope review. Examiners conducted a full-scope review of the Chicago MSA AA, which was the only AA in the state. Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in this AA. Examiners did not analyze 2016 data in Illinois as there was not enough data to conduct a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

LENDING TEST

The bank's performance under the Lending Test in Illinois is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Chicago MSA AA was good.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2017 - 2019							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Chicago MSA	9,549	2,671	22	16	12,258	100.0	100.0

Dollar Volume of Loans 2017 - 2019 (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Chicago MSA	$2,701,230	$358,051	$2,914	$76,962	$3,139,157	100.0	100.0

HNB ranked 18th in deposits out of 154 depository institutions (top 12 percent), with a 0.6 percent market share in the AA. In overall HMDA lending, HNB ranked 11th out of 848 lenders (top 2 percent) with a 1.9 percent market share. The three top lenders in this market were JPMorgan Chase Bank, N.A. with a 11.3 percent market share, Wells Fargo Bank, N.A. with a 6.4 percent market share, and Guaranteed Rate, Inc. with a 5.6 percent market share.

For small loans to businesses, HNB ranked 24th out of 220 lenders (top 11 percent) with a market share of 0.4 percent. The top three lenders were Chase USA, N.A. with a 25.9 market share, American Express National Bank with a 17.0 percent market share, and Citibank, N.A. with an 8.9 percent market share. All three of these lenders issue significant numbers of small business credit cards as a primary business.

For small loans to farms, HNB ranked 13th out of 30 lenders (top 44 percent), with a market share of 1.8 percent. The top three lenders were Chase Bank USA, N.A. with a market share of 33.4 percent, John Deere Financial, F.S.B. with a market share of 10.2 percent, and U.S. Bank N.A. with a 9.8 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was adequate.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of OOUs but near-to the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies was below both the proportion of OOUs and the aggregate distribution of loans in those geographies.

Small Loans to Businesses

Refer to Table Q in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was good.

- For 2017 – 2019, the proportion of small business loans in low-income geographies was well below the proportion of small businesses located in those geographies and below the aggregate distribution of loans to small business in those geographies.
- For 2017- 2019, the proportion of small business loans in moderate-income approximated the proportion of small businesses located in those geographies and was near-to the aggregate distribution of loans to small businesses in those geographies.

Small Loans to Farms

Refer to Table S in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank and only 3.4 percent of farms were in low- or moderate-income geographies.

- For 2017 – 2019, HNB did not make any small loans to farms in either low- or moderate-income geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an adequate distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was adequate.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was significantly below the percentage of those families in the AA and below the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers was below both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.

Small Loans to Businesses

Refer to Table R in the Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.

Small Loans to Farms

Refer to Table T in the Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to farms with revenues of $1 million or less was below the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

HNB made 16 CD loans in its AA for a total of $77.0 million, which represented 25.0 percent of tier 1 capital allocated to the AA. The bank originated 11 CD loans totaling $52.0 million which were responsive to the community service needs of the AA, four of which were complex partnerships with other lenders. The bank made two CD loans totaling $9.1 million that were responsive to the affordable housing needs in the AA. The bank also made two CD loans totaling $4.9 million for economic development and one $10.5 million CD loan for revitalization and stabilization.

Examples of CD loans in the AA include:

- HNB provided $5.1 million as part of a syndicated loan to a local nonprofit that provides comprehensive services to individuals with disabilities or other special needs and their families, to improve quality of life and maximize independence. Eighty-one percent of those served are LMI.
- HNB renewed a $5.0 million working capital line-of-credit to support the operations of a local skilled nursing facility that primarily serves an LMI population; Medicaid pays for 67 percent of the beds.

Product Innovation and Flexibility

The institution used innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded one first-time homebuyer mortgage totaling $171,000. Under the *HomeTown Mortgage* loan program, the bank funded eight first-time homebuyer mortgages totaling $1.3 million. The bank also made 25 unsecured home improvement loans totaling $265,000 and 105 loans under the *Debt Manager* program totaling $1.5 million.

INVESTMENT TEST

The bank's performance under the Investment Test in Illinois is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Chicago MSA AA was excellent.

Qualified Investments										
Assessment Area	**Prior Period***		**Current Period**		**Total**				**Unfunded Commitments****	
	#	**$(000's)**	**#**	**$(000's)**	**#**	**% of Total #**	**$(000's)**	**% of Total $**	**#**	**$(000's)**
Full-Scope:										
Chicago MSA	5	11,955	170	26,367	175	100.0	38,322	100.0	3	3,543

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 12.4 percent of tier 1 capital allocated to the AA. This did not include unfunded commitments, which was an additional 1.2 percent of allocated capital.

The institution exhibited excellent responsiveness to credit and community economic development needs. The institution made extensive use of innovative and/or complex investments to support CD initiatives. The bank made investments in seven LIHTC projects for $17.0 million that provided affordable housing. The bank made two investments totaling $6.7 million in Small Business Investment Corporations that provide funding to small businesses. The majority of the bank's grants and donations, $947,000, was to community service organizations that provide services to LMI individuals, primarily through providing affordable housing.

Examples of CD investments made in the AA include:

- HNB invested $6.6 million in an LIHTC fund whose proceeds funded the rehabilitation of a 65-unit senior housing development property located in Joliet, Illinois.
- HNB invested $3.5 million in a CDFI loan fund that provides low-cost loans for first-time and low-income homebuyers in the Chicago MSA AA.

SERVICE TEST

The bank's performance under the Service Test in Illinois is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in Illinois was good.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Chicago MSA	100.0	35	100.0	5.7	22.9	22.8	48.6	11.1	23.6	30.4	34.7

** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies approximated, the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 36 ATMs in the AA, of which 35 were deposit-taking.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Chicago MSA	1	5	0	1	-2	-3

To the extent changes have been made, the institution's opening and closing of branches had not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed five branches, none in low- or moderate-income geographies. The bank opened one branch in a moderate-income geography.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly low- and moderate-income geographies and/or individuals. branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Out of the 35 branches, 26 had drive-through facilities that were open the same hours as the branch lobbies.

Community Development Services

The institution provided a significant level of CD services.

Employees provided financial or job-specific expertise and/or technical assistance for 354 CD service activities to 59 organizations logging 1,957 qualified hours within this AA. Over 1,048 hours of assistance were to organizations that provide community services to LMI individuals and families, including financial literacy and first-time homebuyer education. Other activities, totaling over 383 hours that target small business assistance and board of director and committee member service and 258 hours providing workforce development training. The bank's assistance was responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- Twenty-one HNB employees provided 358 hours for a first-time homebuyer program presentation in conjunction with an organization whose mission were to provide comprehensive counseling, education, and housing resources for LMI families in the Chicagoland area.

- Fifteen HNB employees provided 258 hours for a workforce development program for LMI high school students with a 501(c)(3) not-for-profit charitable organization that provides paid summer internships, business and financial literacy education and scholarships to Chicago high school students.

State of Indiana

CRA rating for the State of Indiana[5]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was good and overall borrower distribution was excellent.
- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.
- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.
- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.
- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Indiana

HNB delineated two AAs within Indiana. They included portions of the Indianapolis-Carmel-Anderson, IN (Indianapolis) MSA and the Lafayette-West Lafayette, IN (Lafayette) MSA. Refer to appendix A for a list of counties reviewed within each AA.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $3.7 billion of deposits in Indiana, which represented 4.5 percent of the bank's overall deposits. The bank originated and purchased $2.4 billion in loans or 6.6 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in Indiana were home mortgage loans and small loans to businesses.

HNB operated 45 branches, representing 5.0 percent of the bank's branches, and 72 ATMs, of which 58 were deposit-taking. HNB ranked ninth out of 42 depository institutions with a 2.4 percent deposit market share. The leading three depository institutions in the state were JPMorgan Chase Bank, N.A. with a 21.5 percent market share, PNC Bank, N.A. with a 13.5 percent market share and Fifth Third Bank with an 8.4 percent market share.

[5] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Indianapolis MSA

The following table provides a summary of the demographics, including housing and business information for the Indianapolis MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Indianapolis MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	353	18.4	28.0	29.5	23.5	0.6
Population by Geography	1,712,841	11.9	23.9	30.3	33.5	0.3
Housing Units by Geography	732,082	13.7	26.1	29.4	30.7	0.2
Owner-Occupied Units by Geography	416,489	6.9	18.4	34.3	40.3	0.1
Occupied Rental Units by Geography	237,442	20.6	36.9	23.7	18.6	0.3
Vacant Units by Geography	78,151	28.9	34.0	20.9	15.7	0.4
Businesses by Geography	140,496	10.0	20.4	29.9	39.6	0.1
Farms by Geography	3,745	5.3	13.2	43.8	37.4	0.2
Family Distribution by Income Level	420,081	22.4	17.2	19.1	41.3	0.0
Household Distribution by Income Level	653,931	24.2	16.4	17.6	41.8	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Anderson, IN MSA		$66,803	Median Housing Value			$144,103
			Median Gross Rent			$832
			Families Below Poverty Level			11.1%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Indianapolis MSA AA consisted of six of the 11 counties in the Indianapolis-Carmel-Anderson, IN MSA. According to the FDIC's Summary of Deposits as of June 30, 2019, HNB's deposits in the AA comprised 4.8 percent of the bank's total deposits.

Within the Indianapolis MSA AA, the bank had $3.6 billion in deposits and ranked fourth out of 39 depository institutions in the AA with an 8.9 percent market share. The top three depository institutions in the AA are JPMorgan Chase Bank, N.A. with a 20.9 percent market share, PNC Bank, N.A. with a 14.2 percent market share, and Fifth Third Bank with an 8.6 percent market share. HNB operated 43 branches and 70 ATMs in the AA, of which 56 were deposit-taking.

Information from the October 2019 Moody's Analytics report indicated the Indianapolis MSA AA economy slowed in 2019, with its business cycle considered to be in the late expansion portion of the cycle. The labor market tightened as reflected by the unemployment rate declining to less than three percent. According to the U.S. BLS, the unemployment rate for the Indianapolis MSA AA declined from 4.6 percent in January 2016 to 2.6 percent in December 2019, and the poverty rate was 19.1 percent in 2018. Between 2016-2019, this MSA experienced a small increase in population, while the rest of the state population declined. The primary industries include health-technology, manufacturing, and health services. The Indianapolis MSA AA has grown into a regional technology hub; a deep talent pool exists, and startups continue to secure venture capital funding. Manufacturing has held steady, although a shift toward automation may reduce the need for labor. The largest employers in the

Indianapolis MSA AA include Indiana University Health, St. Vincent Hospitals and Health Services, Eli Lilly and Co., and Community Health Network.

Based on information in the above table, low-income families earned less than $33,402 and moderate-income families earned less than $53,442. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $835 for low-income borrowers and $1,336 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $774.

According to the U.S. BLS, the Indianapolis MSA AA unemployment rate decreased throughout the evaluation period, averaging 4.1 percent in 2016, 3.3 percent in 2017, 3.2 percent in 2018 and 2019. The state's unemployment rate averaged 4.4 percent in 2016, 3.5 percent in 2017 and 2018, and 3.2 percent in 2019.

Information provided by of two community contacts that served the Indianapolis MSA AA, one a statewide community economic development association and the other a community-based development corporation, identified the following needs in the AA:

- Funding for affordable housing, including multi-family housing.
- Affordable mortgages, rehabilitation loans, and lines of credit.
- Financial literacy and first-time homebuyer programs.
- Small business development, including micro-lending and support for organizations offering small business training, education, and counseling.
- Small dollar loans.

Scope of Evaluation in Indiana

Examiners selected the Indianapolis MSA AA for a full-scope review, as it had the largest percentage of deposits and reported loans within the state at 95.7 percent and 94.3 percent, respectively. The Lafayette MSA received a limited-scope review. Refer to appendix A for more information.

Examiners based the ratings on the results of the area that received a full-scope review and the bank's performance in the limited-scope areas, as applicable. The Indianapolis MSA AA was the most heavily weighted when arriving at the overall conclusion for the state of Indiana.

Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in all both AAs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

The bank's performance under the Lending Test in Indiana is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Indianapolis MSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019*							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Indianapolis MSA	9,275	2,854	28	19	12,176	93.0	95.7
Limited-Scope:							
Lafayette MSA	727	188	1	2	918	7.0	4.3
Total	**10,002**	**3,042**	29	**21**	**13,094**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans 2016 - 2019* (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Indianapolis MSA	$1,424,413	$274,824	$2,053	$56,794	$1,758,084	94.3	95.7
Limited-Scope:							
Lafayette MSA	$91,602	$12,347	$20	$2,091	$106,060	5.7	4.3
Total	**$1,516,015**	**$287,171**	**$2,073**	**$58,885**	**$1,864,144**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

HNB ranked fourth in deposits out of 39 depository institutions (top 11 percent), with an 8.9 percent market share in the AA. In overall HMDA lending, HNB ranked first out of 581 lenders (top 1 percent) with a 5.6 percent market share. The second and third top lenders in this market were Caliber Home Loans with a 5.5 percent market share and JPMorgan Chase Bank, N.A. with a 4.8 percent market share.

For small loans to businesses, HNB ranked seventh out of 144 lenders (top 5 percent) with a market share of 3.5 percent. The top three lenders were Chase USA, N.A. with a 22.2 market share, American Express National Bank with a 16.0 percent market share, and PNC Bank, N.A. with an 9.8 percent market share. All three of these lenders issue significant numbers of small business credit cards as a primary business.

For small loans to farms, HNB ranked ninth out of 30 lenders (top 30 percent), with a market share of 2.7 percent. The top three lenders were John Deere Financial, F.S.B. with a market share of 17.6 percent, Chase Bank USA, N.A. with a market share of 17.3 percent, and First Farmers Bank and Trust with a 16.5 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was good.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of OOUs but exceeded the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies exceeded both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was weaker than the bank's geographic distribution of home mortgage loans for 2017 – 2019 due to lower distributions in both low- and moderate-income geographies.

Small Loans to Businesses

Refer to Table Q in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was adequate.

- For 2017 – 2019, the proportion of small business loans in both low- and moderate-income geographies was below the proportion of small businesses located in those geographies but near-to the aggregate distribution of loans to small businesses in those geographies.
- For 2016, the bank's geographic distribution of small loans to businesses was consistent with the bank's geographic distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table S in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the proportion of small loans to farms loans in low-income geographies was below the proportion of small farm loans located in those geographies but exceeded the aggregate distribution of loans to small farms in those geographies.
- For 2017 – 2019, the bank did not make any small loans to farms in moderate-income geographies.
- For 2016, the bank did not make enough loans to complete a meaningful analysis.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an excellent distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was excellent.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was weaker than the bank's borrower distribution of home mortgage loans for 2017 – 2019 due to poorer distribution to low-income borrowers.

Small Loans to Businesses

Refer to Table R in the Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table T in the Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to farms with revenues of $1 million or less was below the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Indianapolis MSA AA was excellent. HNB made 19 CD Loans for a total of $56.8 million, which represented 12.7 percent of tier 1 capital allocated to the AA. The bank originated seven CD loans, four of which were complex LIHTC transactions, totaling $38.9 million for the creation or rehabilitation of 719 affordable housing units. The bank made nine loans totaling $5.8 million responsive to community service needs of the AA. The bank also made two CD loans totaling $3.2 million for economic development and one $8.9 million CD loan for revitalization and stabilization.

Examples of CD Loans in the AA include:

- HNB renewed a $2.0 million working capital revolving line-of-credit to a private not-for-profit organization providing mental health and addiction services for all ages. Approximately 83 percent of the organization's 2019 revenue came from Medicaid reimbursements.
- HNB provided a new $7.5 million complex construction loan and a $1.2 million permanent loan to finance the construction of 60 senior LIHTC units located in a moderate-income geography in Indianapolis, Indiana. The project will be rented to individuals below 60 percent of the AMI.
- HNB provided both the leadership for the syndication and the funds for a new complex $7.0 million construction loan to fund the rehabilitation of two existing affordable housing projects. One of the projects located in a middle-income geography will create 44 permanent supportive LIHTC affordable units. The second project, located in a low-income geography, will create 28 LIHTC affordable units. The Housing and Urban Development's (HUD) Continuum of Care program intended to provide rental assistance to 54 of the 72 units. Eighteen unsubsidized units will target households with income up to 60 percent of the AMI.

Product Innovation and Flexibility

The institution made extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded 15 first-time homebuyer mortgages totaling $1.2 million. Under the *HomeTown Mortgage* loan program, the bank funded 258 first-time homebuyer mortgages totaling $31.6 million. The bank also made 118 unsecured home improvement loans totaling $1.1 million and 518 loans under the *Debt Manager* program totaling $6.0 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Lafayette MSA AA was consistent with the bank's overall performance under the Lending Test in the full-scope area.

Refer to Tables O through T in the state of Indiana sections of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Indiana is rated Outstanding

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Indianapolis MSA AA was excellent.

Qualified Investments*										
Assessment Area	**Prior Period****		**Current Period**		**Total**				**Unfunded Commitments*****	
	#	**$(000's)**	**#**	**$(000's)**	**#**	**% of Total #**	**$(000's)**	**% of Total $**	**#**	**$(000's)**
Full-Scope:										
Indianapolis MSA	15	7,892	114	47,964	129	92.1	55,856	98.6	3	250
Limited-Scope										
Lafayette MSA	1	0	10	814	11	7.9	814	1.4	0	0
Total	**16**	**7,892**	**124**	**48,778**	**140**	**100.0**	**56,670**	**100.0**	**3**	**250**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
** Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
*** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 12.5 percent of tier 1 capital allocated to the AA.

The institution exhibited excellent responsiveness to credit and community economic development needs. The institution made extensive use of innovative and/or complex investments to support CD initiatives. The bank made seven single investor LIHTC project investments for $26.1 million and invested in 10 LIHTC syndications totaling $10.4 million. HNB made five investments totaling $15.6 million in local municipal bonds to improve services to their residents, of which more than 60 percent were low- or moderate-income. HNB made the majority of its current period grants and donations of $830,000 to a variety of organizations that primarily supported community services to low- and moderate-income individuals.

Examples of CD investments in the AA include:

- HNB made a $10.8 million investment in a LIHTC that transformed a 96-unit single room occupancy property into 44 efficiency apartments and renovated a second 28-unit complex to create 72 units of affordable rental housing.
- HNB invested $8.7 million in a LIHTC project for the construction of 60 affordable housing units. The units will be for seniors, age 65 or older, with incomes at or below 60 percent of the AMI.
- HNB purchased $2.0 million in municipal bonds that funded the cost of acquisition and construction of a public safety building and fire station in a moderate-income geography.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Investment Test in the Lafayette MSA AA was weaker than the bank's overall performance under the Investment Test in the full-scope areas due to a lower level of qualified investments. The institution's performance under the Investment Test in the limited-scope area had a neutral impact on the overall Investment Test rating for the state of Indiana.

SERVICE TEST

The bank's performance under the Service Test in Indiana is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Indianapolis MSA AA was good.

Retail Banking Services

Distribution of Branch Delivery System*											
	Deposits	Branches						Population			
Assessment Area	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)**				% of Population within Each Geography**			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Indianapolis MSA	95.7	43	95.6	7.3	23.3	34.9	34.9	11.9	23.9	30.3	33.5
Limited-Scope:											
Lafayette MSA	4.3	2	4.4	0.0	50.0	0.0	50.0	6.1	18.7	31.0	35.1

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
*** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies approximated, the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had operated 43 branches and 70 ATMs in the AA, of which 56 were deposit-taking.

Distribution of Branch Openings/Closings*						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Indianapolis MSA	1	5	0	-1	-2	-1
Limited-Scope:						
Lafayette MSA	0	2	0	-1	-1	0

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

To the extent changes were made, the institution's opening and closing of branches had not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed five branches, of which only one was in a moderate-income geography. The grocery store, in which the branch was located, closed, resulting in the corresponding closure of the branch. While the closure did lower the number of branches in moderate-income geographies, there was minimal impact on the bank's ability to service LMI individuals as supported by the lending test conclusions. The bank opened one branch in an upper-income geography.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly low- and moderate-income geographies and/or individuals. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. The branches inside grocery stores were open Sunday through Saturday from 7:00 am to 10:00 pm each day. All HNB services are available to all AAs.

Community Development Services

The institution provided a significant level of CD services.

Employees provided financial or job-specific expertise and/or technical assistance for 557 CD service activities to 40 organizations during the evaluation period, logging a total of 2,734 qualified hours within the AA. A majority of the bank's assistance, 1720 hours, were to organizations that provided financial literacy and first-time homebuyer education to LMI individuals and families. The bank also provided 581 hours of tax preparation assistance to LMI individuals and families.

The following are examples of CD services provided in the AA:

- Ninety-one HNB employees provided 978 hours of financial education to 14 organizations for LMI students and individuals. The students qualify for free and reduced lunch programs.
- Twelve HNB employees provided 223 hours of board of directors and technical assistance for 13 qualified community development organizations that focus on affordable housing, small business development, and community services to LMI individuals and families.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Service Test in the Lafayette MSA AA was consistent with the bank's overall performance under the Service Test in the full-scope area(s).

State of Michigan

CRA rating for the State of Michigan: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution and borrower distribution of the bank's originations and purchases of home mortgage loans, small loans to businesses, and small loans to farms were good.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Michigan

HNB delineated 16 AAs within Michigan. They included the entirety or portions of the Detroit-Warren-Dearborn, MI (Detroit) MSA; Ann Arbor, MI (Ann Arbor) MSA; Battle Creek, MI (Battle Creek) MSA; Bay City, MI (Bay City) MSA; Flint, MI (Flint) MSA; Grand Rapids-Wyoming, MI (Grand Rapids) MSA; Jackson, MI (Jackson) MSA; Kalamazoo-Portage, MI (Kalamazoo) MSA; Lansing-East Lansing, MI (Lansing) MSA; Midland, MI (Midland) MSA; Monroe, MI (Monroe) MSA; Muskegon, MI (Muskegon) MSA; Niles-Benton Harbor, MI (Niles) MSA; Saginaw, MI (Saginaw) MSA; South Bend-Mishawaka, IN-MI (South Bend) MSA, and 31 non-MSA counties (Michigan Non-MSA) which examiners combined as one AA for analysis and presentation. Refer to appendix A for a list of counties reviewed within each AA. The bank closed its locations in the South Bend MSA on September 9, 2017. Analysis for this limited-scope AA was completed only for 2016 data.

Michigan represented the bank's second largest rated area by deposits. Based on June 30, 2019, FDIC summary of deposit information, HNB had $16.9 billion of deposits in Michigan, which represented 20.1 percent of the bank's overall deposits. The bank originated and purchased $9.0 billion in loans or 24.4 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in Michigan were home mortgage loans and small loans to businesses.

HNB operated 287 branches, representing 31.6 percent of the bank's branches, and 382 ATMs, of which 343 were deposit-taking. HNB ranked fifth out of 115 depository institutions with a 7.4 percent deposit market share. The leading three depository institutions in the state were JPMorgan Chase Bank, N.A.

with a 19.6 percent market share, Comerica Bank, N.A. with a 12.8 percent market share, and Bank of America, N.A. with a 10.1 percent market share.

The 2019 OMB changes affected limited-scope AAs in this state. The OMB removed Barry County, Michigan from the Grand Rapids MSA and replaced it with Ionia County, Michigan, which was previously classified as a non-metropolitan area. The bank did not have any branches in Barry County, Michigan. As a result, data from Ionia County, Michigan for 2016 – 2018 was included in the Michigan Non-MSA analysis and 2019 data was included in the Grand Rapids MSA analysis.

Detroit MSA

The following table provides a summary of the demographics, including housing and business information for the Detroit MSA AA.

Table A – Demographic Information of the Assessment Area
Assessment Area: Detroit MSA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,301	13.5	25.7	31.5	27.4	1.9
Population by Geography	4,296,416	10.2	24.1	33.8	31.6	0.2
Housing Units by Geography	1,891,400	12.0	25.7	33.2	28.8	0.3
Owner-Occupied Units by Geography	1,148,793	6.1	20.4	37.0	36.5	0.1
Occupied Rental Units by Geography	514,155	18.8	33.0	29.6	18.1	0.5
Vacant Units by Geography	228,452	26.4	36.3	22.2	14.0	1.1
Businesses by Geography	278,412	7.8	21.2	31.1	39.3	0.6
Farms by Geography	6,880	4.9	18.9	43.5	32.5	0.3
Family Distribution by Income Level	1,081,123	22.9	16.7	18.9	41.4	0.0
Household Distribution by Income Level	1,662,948	25.2	15.6	17.0	42.2	0.0
Median Family Income MSA - 19804 Detroit-Dearborn-Livonia, MI		$52,733	Median Housing Value			$129,261
Median Family Income MSA - 47664 Warren-Troy-Farmington Hills, MI		$76,739	Median Gross Rent			$863
			Families Below Poverty Level			12.7%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Detroit MSA AA consisted of all counties in the Detroit-Dearborn-Livonia, MI Metropolitan Division (MD) and the Warren-Troy-Farmington Hills, MI MD. These MDs were combined for analysis and presentation at the MSA level. According to the FDIC's Summary of Deposits as of June 30, 2019, HNB's deposits in the AA comprised 9.9 percent of the bank's total deposits, making this AA the bank's third largest in terms of deposits held.

Within the Detroit MSA AA, the bank had $8.3 billion in deposits and ranked sixth out of 40 depository institutions in the AA with a 5.8 percent market share. The top three ranked depository institutions in terms of deposit market share were JPMorgan Chase Bank, N.A. with a 26.0 percent market share, Comerica Bank, N.A. with an 18.6 percent market share, and Bank of America, N.A. with a 14.7 percent market share. HNB operated 108 branches and 148 ATMs in the AA, of which 136 were deposit-taking.

Information from the October 2019 Moody's Analytics report indicated the Detroit MSA AA economy remained in a recovery period. The AA's strengths centered in the automobile (auto) industry with the Ford Motor Co and General Motors (GM) as the top two employers. The University of Michigan and Fiat Chrysler Automobiles (FCA) are also key employers in the AA, as are several healthcare systems. The auto companies particularly influence the Detroit economy given the auto parts and components manufacturers in the AA that supply and rely on the top three U.S. auto makers to purchase their products. The healthcare services industry is also a key employer, due to the increasingly elderly populations in the area. The United Auto Workers 40-day strike early in 2019 caused widespread layoffs in Detroit for auto suppliers, shippers, and restaurants. Notwithstanding the strike and resulting declines in company profitability, auto and auto part manufacturers in the AA continued to funnel capital into the economy. Nissan announced plans to build a $41 million crash test facility in Farmington Hills (Detroit/Warren suburb) while FCA planned to add 1,500 jobs by 2020 after retooling its Warren truck plant for the next-generation Ram Heavy Duty pickup. Analysts expected the retooling to spur investment by auto suppliers, although, metal tariffs raise input costs and accelerate the application of labor-saving technologies.

The AA has a high reliance on the domestic vehicle industry and therefore has very high employment volatility. At eight percent, Detroit's concentration of jobs in transportation / warehousing ranks high for a metro area of its size. The economy's weaknesses showed up in waning housing and labor markets. Strengths included auto-related research and development centers, headquarters for the automakers and suppliers, and above-average per capita income. Individuals between the ages of 20-59 years comprise approximately 54 percent of the AA's population. On the upside for the Detroit MSA economy, transportation, and warehousing logistics investments attracted skilled youth and spurred additional corporate expansions. On the downside for the MSA, steel and aluminum tariffs weighed heavily on the leading industries; automakers and their suppliers, as did rising gas prices. These represented drags on the economy that caused some increased out-migration because of poor job prospects and low incomes. People also left the Detroit MSA AA because of its below-average quality of life, high crime rate, and eroding infrastructure.

Based on information in the above table, low-income families earned between $26,367 and $38,370 and moderate-income families earned between $42,186 and $61,391, depending on the MD. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Depending on the MD, this calculated to a maximum monthly mortgage payment between $659 and $959 for low-income borrowers and between $1,055 and $1,535 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $694. Low-income borrowers would be challenged to afford a mortgage loan in the Detroit MD portion of the AA.

According to the U.S. BLS, the Detroit MSA AA unemployment rate mirrored the rest of the country and declined from 5.3 percent in 2016 to 4.3 percent in 2019 but was higher than the 3.9 percent for the state of Michigan and 3.5 percent for the U.S. in 2019. The unemployment rate in the AA did not vary significantly from the state of Michigan throughout the evaluation period. The state's unemployment rate averaged 5.0 percent in 2016, 4.6 percent in 2017, 4.2 percent in 2018, and 4.1 percent in 2019.

Information provided by three community contacts, one each from a housing commission that helped residents find safe and affordable housing, a metropolitan community action agency, and a state housing development agency, and also from an OCC/FDIC-sponsored community listening session with community leaders from 15 community-based organizations within the greater Detroit area identified the following needs within the Detroit MSA AA:

- Grants and repair/rehabilitation loans to improve the existing rental units and housing stock.
- Small, easily obtained cash loans to combat predatory lending by payday lenders.
- Lines of credit for small business cash flow.
- Financial education to improve potential borrowers' credit scores.
- Economic development loans for job creation at living wages in LMI geographies.
- Emergency utility assistance
- Funding for childcare and transportation assistance to LMI individuals.
- "Second chance" products that allow residents access to low cost and minimum balance retail bank products/services.
- Increased options and access to mainstream mortgage financing in markets that continue to struggle with low appraisal values in the aftermath of high foreclosure rates.
- High LTV loan limits to offset low appraisals, and expansion of higher debt-to-income (DTI) limits (up to 45 percent) to allow for increased LMI homeownership.
- Increased access to affordable home renovation financing with high LTVs and greater DTI.
- Expanded access to financial education and financial service programs targeted to disabled people and individuals re-entering the communities from the penal system.
- Small business lending with loans between $50,000 and $250,000.
- Financial education for small business owners.
- Grants for nonprofit organizations that provide financial education services, affordable and sustainable homeownership counseling.

Scope of Evaluation in Michigan

The state of Michigan was HNB's second largest market. Examiners selected the Detroit MSA AA for a full-scope review. The Detroit MSA AA had the largest percentage of deposits and reported loans within the state at 49.2 percent and 40.7 percent, respectively. The Ann Arbor MSA, Battle Creek MSA, Bay City MSA, Flint MSA, Grand Rapids MSA, Jackson MSA, Kalamazoo MSA, Lansing MSA, Midland MSA, Monroe MSA, Muskegon MSA, Niles MSA, Saginaw MSA, South Bend MSA, and the Michigan Non-MSA AAs received limited-scope reviews. Refer to appendix A for more information.

Examiners based the ratings on the results of the area that received a full-scope review and the bank's performance in the limited-scope areas, as applicable. The Detroit MSA AA was the most heavily weighted when arriving at the overall conclusion for the state of Michigan.

Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in all 16 AAs. Only the Detroit MSA and Grand Rapids MSA AAs had enough small loans to farms to complete a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

LENDING TEST

The bank's performance under the Lending Test in Michigan is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Detroit MSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019*							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Detroit MSA	17,037	8,111	78	56	25,282	40.7	49.2
Limited-Scope:							
Ann Arbor MSA	1,658	362	8	0	2,028	3.3	1.6
Battle Creek MSA	210	63	0	1	274	0.4	0.1
Bay City MSA	444	114	8	1	567	0.9	1.0
Flint MSA	1,547	678	17	20	2,262	3.6	6.8
Grand Rapids MSA 2016-2018	5,386	2,640	73	30	11,590	18.7	14.9
Grand Rapids MSA 2019	2,622	821	18				
Jackson MSA	995	195	3	4	1,197	1.9	1.7
Kalamazoo MSA	558	207	6	3	774	1.2	0.6
Lansing MSA	1,583	676	18	9	2,286	3.7	3.3
Midland MSA	207	49	0	1	257	0.4	0.5
Monroe MSA	1,474	261	4	0	1,739	2.8	2.2
Muskegon MSA	1,537	408	5	3	1,953	3.1	1.2
Niles MSA	255	83	2	1	341	0.5	0.3
Saginaw MSA	783	322	7	9	1,121	1.8	3.2
South Bend MSA 2016	38	11	1	0	50	0.1	0.1
Michigan Non-MSA 2016-2018	5,432	1,735	83	18	10,375	16.7	13.3
Michigan Non-MSA 2019	2,538	550	19				
Total	**44,304**	**17,286**	**350**	**156**	**62,096**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans 2016 - 2019* (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Detroit MSA	$3,056,975	$1,058,484	$5,642	$325,306	$4,446,407	46.7	49.2
Limited-Scope:							
Ann Arbor MSA	$364,316	$41,539	$157	$0	$406,012	4.3	1.6
Battle Creek MSA	$18,734	$5,898	$0	$11,225	$35,857	0.4	0.1
Bay City MSA	$38,530	$5,307	$170	$11,815	$55,822	0.6	1.0
Flint MSA	$166,744	$101,960	$839	$25,248	$294,791	3.1	6.8
Grand Rapids MSA 2016-2018	$798,642	$310,725	$4,231	$125,552	$1,722,364	18.1	14.9
Grand Rapids MSA 2019	$384,234	$98,057	$923				
Jackson MSA	$106,358	$27,255	$452	$8,005	$142,070	1.5	1.7
Kalamazoo MSA	$89,235	$34,804	$225	$2,205	$126,469	1.3	0.6
Lansing MSA	$217,761	$74,086	$612	$31,838	$324,297	3.4	3.3
Midland MSA	$31,581	$7,110	$0	$5	$38,696	0.4	0.5
Monroe MSA	$173,876	$18,166	$95	$0	$192,137	2.0	2.2
Muskegon MSA	$161,985	$39,582	$562	$13,453	$215,582	2.3	1.2
Niles MSA	$45,327	$7,606	$35	$12,696	$65,664	0.7	0.3
Saginaw MSA	$80,173	$42,210	$182	$1,939	$124,504	1.3	3.2
South Bend MSA 2016	$3,984	$1,731	$10	0	$5,725	0.1	0.1
Michigan Non-MSA 2016-2018	$723,916	$162,304	$3,629	$26,055	$1,313,482	13.8	13.3
Michigan Non-MSA 2019	$354,801	$41,516	$1,261				
Total	**$6,817,172**	**$2,078,340**	**$19,025**	**$595,342**	**$9,509,879**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

HNB ranked sixth in deposits out of 40 depository institutions (top 15 percent), with a 5.8 percent market share in the AA. In overall HMDA lending, HNB ranked fourth out of 614 lenders (top 1 percent) with a 4.4 percent market share. The top three lenders in this market include Quicken Loans Inc. with a 9.5 percent market share, JPMorgan Chase Bank, N.A. with a 6.4 percent market share, and Wells Fargo Bank, N.A. with a 4.8 percent market share.

For small loans to businesses, HNB ranked eighth out of 158 lenders (top 6 percent) with a market share of 3.2 percent. The top three lenders in terms of market share were American Express National Bank with a 20.7 percent market share, Chase Bank USA, N.A. with an 18.2 percent market share, and Citibank, N.A. with a 11.6 percent market share. All three of these lenders issue significant numbers of small business credit cards as a primary business.

For small loans to farms, HNB ranked fourth out of 19 lenders (top 22.0 percent), with a market share of 9.6 percent. The top three lenders were Chase Bank USA, N.A. with a market share of 30.1 percent, John Deere Financial, F.S.B. with a market share of 18.6 percent, and U.S. Bank, N.A. with a 13.6 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was good.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was well below the proportion of OOUs but exceeded the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies was near-to the proportion of OOUs and exceeded the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was excellent.

- For 2017 – 2019, the proportion of small business loans in low-income geographies approximated the proportion of small businesses located in those geographies but exceeded the aggregate distribution of loans to small businesses in those geographies.
- For 2017- 2019, the proportion of small business loans in moderate-income geographies exceeded both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses in those geographies.
- For 2016, the bank's geographic distribution of small loans to businesses was consistent with the bank's geographic distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table S in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the proportion of small loans to farms loans in low-income geographies was significantly below the proportion of small farms located in those geographies but exceeded the aggregate distribution of loans to small farms in those geographies.

- For 2017 – 2019, the proportion of small loans to farms in moderate-income geographies was well below both the proportion of small farms located in those geographies and the aggregate distribution of loans to small farms in those geographies.
- For 2016, the bank did not make enough loans to complete a meaningful analysis.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a good distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was well below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table T in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to farms with revenues of $1 million or less was below the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Detroit MSA AA was excellent. HNB made 56 CD loans for a total of $325.3 million, which represented 31.3 percent of tier 1 capital allocated to the AA. The bank utilized complex CD loans, often in a leadership position. The bank made 17 CD loans totaling $198.6 million with the primary purpose of revitalization and stabilization of the AA. HNB made 10 CD loans totaling $25.1 million for economic development of LMI neighborhoods. The bank made two loans totaling $13.6 million for the purpose of affordable housing, creating 215 units for LMI individuals and families. HNB made 27 loans totaling $88.0 million to organizations providing community services to LMI individuals. The loans were responsive to the identified needs for affordable housing and community revitalization and stabilization.

Examples include:

- HNB provided a $12.4 million complex construction loan to an affordable community housing network to rehabilitate and build 60 LIHTC apartment units targeted to those with special needs.
- HNB refinanced an $1.2 million mortgage originally used to construct a new affordable housing project consisting of 155 fully furnished, one-bedroom apartments for formerly homeless adults. The nonprofit owner provides onsite mental health, addiction treatment, intensive case management, financial literacy, nutrition classes and other on-site support, and offers a healthcare clinic in the building for residents and community use.
- HNB made a $40.0 million construction loan as part of a complex $75 million loan syndication, for which HNB was the lead agent. The loan financed the construction of a mixed-use office, retail, and outdoor event area located in downtown Detroit, Michigan. The property was in a low-income geography and was part of efforts to revitalize the area. The property was part of a $200 million project targeted to attract new businesses and residents and create over 8,000 construction-related jobs and over 1,000 permanent jobs when complete.

Product Innovation and Flexibility

The institution made extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

HNB worked with local community leaders to develop the "Detroit Home Mortgage" (DHM) specialized lending program. The DHM program offers a fixed-rate product for the purchase, renovation, or refinance of a residential owner-occupied property located in the City of Detroit, Michigan. This program addressed a specific need for neighborhoods challenged by appraisal value gaps. The DHM allows borrowers to obtain two mortgages at the same time; the first mortgage to purchase the home, and a second mortgage up to $75,000 for property renovations. The DHM program finances renovation costs despite low appraisal values, provided the combined loan-to-value of both mortgages does not exceed 150 percent. The DHM program includes required courses for potential borrowers in financial responsibility, improving a credit score, and basic home maintenance. During the evaluation period, HNB originated 190 DHM loans totaling over $14.3 million that resulted in positive changes in the targeted neighborhoods.

Under the bank's *Community Access Mortgage* program, the bank funded 39 first-time homebuyer mortgages totaling $3.2 million. Under the *HomeTown Mortgage* loan program, the bank funded 27 first-time homebuyer mortgages totaling $2.5 million. The bank also made 211 unsecured home improvement loans totaling $1.8 million and 963 loans under the *Debt Manager* program totaling $10.9 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Battle Creek MSA, Bay City MSA, Flint MSA, Grand Rapids MSA, Jackson MSA, Kalamazoo MSA, Lansing MSA, Midland MSA, Muskegon MSA, Niles MSA, Saginaw MSA, and the Michigan Non-MSA AAs was consistent with the overall performance under the Lending Test in the full-scope area. Performance in the Ann Arbor MSA, was weaker than the bank's overall performance under the Lending Test in the full-scope area due to lower levels of CD lending activity. Performance in the Monroe MSA was weaker than the bank's overall performance under the Lending Test in the full-scope area due to poorer geographic distributions and lower levels of CD lending activity. Performance in the South Bend MSA was weaker than the bank's overall performance under the Lending Test in the full-scope area due to poorer borrower distributions and lower levels of CD lending activity. Performance in these limited-scope AAs did not affect the bank's overall rating for the state of Michigan.

Refer to Tables O through T in the state of Michigan section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Michigan is rated High Satisfactory. The weaker combined Investment Test performance in the limited-scope AAs negatively affected the bank's overall Investment Test rating for the state of Michigan.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Detroit MSA AA was excellent.

Qualified Investments*										
Assessment Area	Prior Period**		Current Period		Total				Unfunded Commitments***	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Full-Scope:										
Detroit MSA	17	13,307	253	99,236	270	33.8	112,543	50.1	3	17,477
Limited-Scope										
Ann Arbor MSA	2	4	14	282	16	2.0	286	0.1	0	0
Battle Creek MSA	2	14	4	14	6	0.8	28	0.0	0	0
Bay City MSA	0	0	10	47	10	1.3	47	0.0	0	0
Flint MSA	3	22	57	11,623	60	7.5	11,645	5.2	0	0
Grand Rapids MSA	20	4,838	147	48,491	167	20.9	53,329	23.7	1	15
Jackson MSA	4	17	12	423	16	2.0	440	0.2	0	0
Kalamazoo MSA	5	1,137	22	608	27	3.4	1,745	0.8	0	0
Lansing MSA	4	12	35	2,221	39	4.9	2,233	1.0	0	0
Midland MSA	0	0	14	145	14	1.8	145	0.1	0	0
Monroe MSA	1	48	8	3,477	9	1.1	3,525	1.6	0	0
Muskegon MSA	1	222	13	37	14	1.8	259	0.1	0	0
Niles MSA	1	0	6	4	7	0.9	5	0.0	0	0
Saginaw MSA	2	11	24	62	26	3.3	73	0.0	0	0
South Bend MSA	3	10	4	3	7	0.9	13	0.0	0	0
Non-MSA Michigan	10	1,115	100	37,260	110	13.8	38,375	17.1	0	0
Total	**75**	**20,757**	**723**	**203,933**	**798**	**100.0**	**224,691**	**100.0**	**4**	**17,492**

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
** Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
*** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 10.8 percent of tier 1 capital allocated to the AA. This did not include unfunded commitments, which was an additional 1.7 percent of allocated capital.

The institution exhibited excellent responsiveness to credit and community economic development needs. The institution made extensive use of innovative and/or complex investments to support CD initiatives. The bank made five single investor LIHTC project investments for $20.4 million and invested in 15 LIHTC syndications totaling $35.1 million. HNB made the majority of its current period grants and donations of $1.6 million to community service organizations that provided services to LMI individuals, primarily through providing affordable housing.

Examples of CD investments made in the AA include:

- HNB invested $6.9 million in a LIHTC fund; the proceeds funded a rehabilitation and senior housing development property located in Oak Park, Michigan. The development consisted of 100 low-income housing apartment units. HUD subsidizes the rents and residents generally pay no more than 30 percent of their gross annual income.

- HNB acted as Trustee and invested $41.3 million in a northern Detroit suburb school district to finance the school's day-to-day expenses until the school's grants, bonds, tax dollars, state aid revenue, and other financing became available. The school district evidenced students eligible for free/reduced lunches at between 73.0 percent and 82.2 percent of the student body.
- HNB invested $18.0 million to a new investment fund to revitalize Detroit, Michigan neighborhoods. The revitalization program prompted construction and landscaping training in Detroit neighborhoods, and trained potential borrowers how to cure credit problems, create a budget, maintain home repairs, and apply for and obtain a residential mortgage. Homes in the Detroit MSA often held low appraisal values and the program allowed homeowners to improve properties, obtain affordable mortgages, and contribute to neighborhood revitalization.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Grand Rapids MSA, Kalamazoo MSA and the Michigan Non-MSA AAs was consistent with the bank's overall performance in the Investment Test in the full-scope areas. Performance in the Ann Arbor MSA, Battle Creek MSA, Bay City MSA, Flint MSA, Jackson MSA, Kalamazoo MSA, Lansing MSA, Midland MSA, Monroe MSA, Muskegon MSA, Niles MSA, Saginaw MSA, and South Bend MSA AAs was weaker than the bank's overall performance in the Investment Test in the full scope area due to lower levels of qualified investments. The weaker combined investment test performance in the limited-scope AAs negatively affected the bank's overall investment test rating for the state of Michigan.

SERVICE TEST

The bank's performance under the Service Test in Michigan is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Detroit MSA AA was good.

Retail Banking Services

Distribution of Branch Delivery System*											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Detroit MSA	49.2	108	37.6	6.5	24.1	36.1	33.3	10.2	24.1	33.8	31.6
Limited-Scope											
Ann Arbor MSA	1.6	8	2.8	0.0	25.0	50.0	0.0	14.9	12.9	40.2	27.6
Battle Creek MSA	0.1	2	0.7	0.0	0.0	0.0	100.0	7.4	26.5	39.2	26.9

Distribution of Branch Delivery System*											
Assessment Area	**Deposits**	**Branches**						**Population**			
	% of Rated Area Deposits in AA	**# of BANK Branches**	**% of Rated Area Branches in AA**	**Location of Branches by Income of Geographies (%)***				**% of Population within Each Geography***			
				Low	**Mod**	**Mid**	**Upp**	**Low**	**Mod**	**Mid**	**Upp**
Bay City MSA	1.0	3	1.0	0.0	66.7	0.0	33.3	1.2	22.1	48.6	28.1
Flint MSA	6.8	18	6.3	16.7	16.7	55.6	11.1	11.9	18.3	36.4	33.5
Grand Rapids MSA	14.9	40	13.9	0.0	5.0	67.5	27.5	4.9	20.3	48.6	26.1
Jackson MSA	13.3	6	2.1	0.0	50.0	50.0	0.0	9.9	19.4	47.4	20.1
Kalamazoo MSA	1.7	5	1.7	0.0	20.0	80.0	0.0	8.0	12.3	52.9	25.2
Lansing MSA	0.6	19	6.6	5.3	5.3	52.6	31.6	5.5	19.6	39.7	31.1
Midland MSA	3.3	2	0.7	0.0	50.0	0.0	50.0	3.3	19.2	42.2	35.3
Monroe MSA	0.5	4	1.4	0.0	25.0	75.0	0.0	1.1	13.3	72.3	13.4
Muskegon MSA	2.2	5	1.7	0.0	20.0	20.0	60.0	11.1	23.1	37.6	28.2
Niles MSA	1.2	1	0.3	0.0	0.0	100.0	0.0	11.2	15.3	46.5	27.1
Saginaw MSA	0.3	9	3.1	0.0	22.2	44.4	33.3	11.2	12.5	50.5	25.8
Non-MSA Michigan	3.2	57	19.9	0.0	17.5	52.6	29.8	0.3	11.9	68.8	18.1

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
*** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies equaled, the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 148 ATMs in the AA, of which 136 were deposit-taking.

Distribution of Branch Openings/Closings*						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Detroit MSA	10	20	0	-2	-3	-5
Limited-Scope						
Ann Arbor MSA	0	2	-1	0	-1	0
Battle Creek MSA	0	1	0	-1	0	0

Distribution of Branch Openings/Closings*						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Bay City MSA	0	3	0	-2	0	-1
Flint MSA	1	9	0	-3	-3	-2
Grand Rapids MSA	1	1	0	0	0	0
Jackson MSA	0	1	0	-1	0	0
Kalamazoo MSA	0	2	0	-1	-1	0
Lansing MSA	1	3	0	0	-3	0
Midland MSA	0	0	0	0	0	0
Monroe MSA	0	3	0	0	-3	0
Muskegon MSA	1	2	0	-1	-1	1
Niles MSA	0	0	0	0	0	0
Saginaw MSA	0	7	-2	-1	-2	-2
Non-MSA Michigan	5	30	1	-4	-19	-3

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

To the extent changes have been made, the institution's opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed 20 branches, one in a low-income geography and six in moderate-income geographies. The bank opened 10 branches, one in a low-income geography and four in moderate-income geographies. The branch realignment was the result of duplicative branch locations from the FirstMerit merger and low utilization of the branches.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced the AA, particularly LMI geographies and/or individuals. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Of the 73 stand-alone branches, 63 have drive-through facilities open the same hours as the lobbies. Additionally, 35 branch locations are within large regional chain grocery stores in the Detroit MSA AA, with four located in low-income geographies and 10 in moderate-income geographies. Grocery store branch hours are Monday through Friday 10:00 am to 7:00 pm and Saturday and Sunday 10:00 am to 3:00 pm.

Community Development Services

The institution provided a significant level of CD services. Employees supplied financial or job-specific expertise and/or technical assistance for 1,028 CD service activities to 75 organizations, providing 5,603 qualified hours within this AA. The majority of the bank's assistance, 3,246 hours, was to organizations that provided community services to LMI individuals and families, including financial literacy and first-time homebuyer education. Employees also served on the boards of director for 17 nonprofit organizations providing 954 hours of assistance. Assistance provided by the bank was responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One HNB employee served as a board member for an affordable housing arm of a nonprofit focused on community revitalization and the promotion of homeownership and commercial development. The organization offers various programs and services to LMI individuals, including affordable rental housing units and permanent supportive housing for homeless veterans.
- Three HNB employees worked with a community development partnership that contributes capital, provides affordable housing, creates jobs, and provides economic development opportunities to underserved communities. The partnership helps address the appraisal value gap associated with the renovation of properties by combining a second mortgage with a conventional first mortgage to assist the financing of rehabilitated single-family properties. Employees facilitated multiple homebuyer education classes to LMI individuals to achieve the path to homeownership.
- An HNB employee served as a member of a loan advisory board to review and approve loans to small businesses that do not qualify for traditional bank financing. The advisory board was part of a statewide women's foundation that provides loans and resources to LMI individuals, including minority and women-owned businesses. More than 51 percent of the foundation's clients qualify as LMI persons.

Conclusions for Areas Receiving Limited-scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Ann Arbor MSA, Bay City MSA, Jackson MSA, Kalamazoo MSA, Midland MSA, Monroe MSA, Saginaw MSA, and the Michigan Non-MSA AAs was consistent with HNB's overall performance under the Service Test in the full-scope area. The bank's performance in the Flint MSA AA was stronger than the bank's overall performance under the Service test in the full-scope area due to better branch distributions in both low- and moderate-income geographies. The bank's performance in the Battle Creek MSA, Grand Rapids MSA, and Niles MSA AAs was weaker than the overall performance under the Service test in the full-scope area due to poorer branch distributions in both low- and moderate-income geographies. The bank's performance in the Lansing MSA AA was weaker than the overall performance under the Service Test in the full-scope area due to weaker branch distribution in moderate-income geographies. The bank's performance in the Muskegon MSA AA was weaker than the overall performance under the Service Test in the full-scope area due to weaker branch distribution in low-income geographies. The institution's performance under the Service Test in the limited-scope areas had a neutral impact on the overall Service Test rating for the state of Michigan.

State of Ohio

CRA rating for the State of Ohio[6]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution and borrower distribution of the bank's originations and purchases of home mortgage loans, small loans to businesses, and small loans to farms were good.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Ohio

HNB delineated 10 AAs within Ohio including the entirety or portions of the Akron, OH (Akron) MSA; Canton-Massillon, OH (Canton) MSA; Cleveland-Elyria, OH (Cleveland) MSA; Columbus, OH (Columbus) MSA; Dayton, OH (Dayton) MSA; Lima, OH (Lima) MSA; Mansfield, OH (Mansfield) MSA; Springfield, OH (Springfield) MSA; Toledo, OH (Toledo) MSA; and 27 non-MSA counties (Ohio Non-MSA) which examiners combined as one AA for analysis and presentation. Refer to appendix A for a list of counties reviewed within each AA.

Ohio represented the bank's largest rated area by deposits. Based on June 30, 2019, FDIC summary of deposit information, HNB had $48.4 billion of deposits in Ohio, which represented 57.8 percent of the bank's overall deposits. The bank originated and purchased $16.3 billion in loans or 44.5 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in Ohio were home mortgage loans and small loans to businesses.

HNB operated 386 branches, representing 42.5 percent of the bank's branches, and 741 ATMs, of which 545 were deposit-taking. HNB ranked first out of 149 depository institutions with a 22.9 percent deposit market share. The second and third positioned banks in the AA in terms of deposits included JPMorgan Chase Bank, N.A. with a 12.0 market share and KeyBank, N.A. with an 11.1 market share.

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[6] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Akron MSA

The following table provides a summary of the demographics, including housing and business information for the Akron MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Akron MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	170	17.6	20.0	40.0	22.4	0.0
Population by Geography	703,744	11.4	19.7	41.7	27.2	0.0
Housing Units by Geography	313,134	11.7	20.9	42.1	25.2	0.0
Owner-Occupied Units by Geography	188,352	5.7	17.7	44.9	31.7	0.0
Occupied Rental Units by Geography	93,605	20.5	26.1	37.8	15.6	0.0
Vacant Units by Geography	31,177	21.5	25.1	38.7	14.7	0.0
Businesses by Geography	48,217	10.2	15.0	37.2	37.5	0.0
Farms by Geography	1,377	4.4	10.2	52.4	33.0	0.0
Family Distribution by Income Level	178,180	21.4	16.9	20.8	40.9	0.0
Household Distribution by Income Level	281,957	24.8	15.7	17.7	41.8	0.0
Median Family Income MSA - 10420 Akron, OH MSA		$65,716	Median Housing Value			$137,715
			Median Gross Rent			$779
			Families Below Poverty Level			10.6%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Akron MSA AA consisted of both counties in the MSA. According to the FDIC's Summary of Deposits as of June 30, 2019, HNB's deposits in the AA comprised 5.1 percent of the bank's total deposits, making this AA the bank's fourth largest in terms of deposits held.

HNB had $4.2 billion in deposits and ranked first among 27 depository institutions in the AA with a 28.4 percent market share. The second and third depository institutions in terms of deposit market shares were JPMorgan Chase Bank, N.A. with a 14.8 percent and PNC Bank, N.A. with a 12.5 percent. HNB operated 42 branches and 84 ATMs, of which 63 were deposit taking, in the AA.

Information from the October 2019 Moody's Analytics report indicated the Akron, Ohio economy's strengths included a cluster of tire and rubber research and development facilities, relatively low business and living costs, and a prime location for staffing business outsourcing and human resources support roles. The report indicated that Akron's economy continued to underperform all other Ohio populous metropolitan areas, as measured by year-ago growth in the Moody's Analytics Business Cycle index. Payroll employment was flat between 2015-2019, with recent job losses in the factory sector, professional business services, consumer industries and wholesale trade. The weakness in the labor market, particularly the loss of well-paying jobs, was evident in the wage data, with average hourly earnings growth declining by nearly $2 since the end of 2018. The labor force was near a multi-decade low as more working people leave the area. Housing market appreciation in recent quarters stemmed from the limited availability of single-family homes rather than robust homebuyer demand. However, longer-term competitive drivers for business services remained intact. Akron retained the lowest business costs of any major Ohio metropolitan area except Toledo and Cincinnati. Office space remained more than 30 percent less costly than the rest of the nation with a high vacancy rate in downtown Akron. Consequently, the long-term business services outlook remained optimistic.

Akron's major economic driver was healthcare services; this industry was projected to produce the largest job growth over the next decade because of higher demand from the aging population. The city's population aged 65 and over was above the 65 and older population percentages of both Ohio and the U.S. and projected to comprise more than 20 percent of Akron's total population by 2025. Healthcare providers boosted investments to keep pace with anticipated demand. One large healthcare facility expected to construct an in- and outpatient behavioral health facility, with completion in 2022. The investment will add to a recently completed $200 million, seven-story patient tower. In addition, the local general medical center increased its hiring quota of registered nurses, healthcare technicians, and general physicians.

Based on information in the above table, low-income families earned less than $32,858 and moderate-income families earned less than $52,573. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $821 for low-income borrowers and $1,324 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $739.

According to the U.S. BLS, the Akron MSA AA's unemployment rate mirrored the rest of the country and declined from 5.1 percent in 2016 to 4.3 percent in 2019, higher than the 4.2 percent for the state of Ohio and the U.S. low of 3.5 percent. The unemployment rate in the AA did not vary significantly from the overall State of Ohio, which averaged 5.2 percent in 2016, 4.5 percent in 2017, 4.6 percent in 2018, and 4.2 percent in 2019. Approximately 34 percent of the area households made less than $40,000 annually, while about 28 percent made over $100,000.

Information provided by two community contacts; a regional chapter of an international affordable housing charitable organization and a not-for-profit that assists Akron residents find safe and affordable banking and services identified the following needs within the Akron MSA AA:

- Rehabilitation loans to improve the current housing stock.
- Small, easily obtained cash loans to combat predatory lending by payday lenders.
- Lines of credit to assist small business cash flow.
- Quality rental housing.
- Economic development for job creation at living wages.
- Substance abuse programs.

Cleveland MSA

The following table provides a summary of the demographics, including housing and business information for the Cleveland MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Cleveland MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	638	18.5	23.0	32.1	24.5	1.9
Population by Geography	2,064,483	12.1	20.0	34.3	33.2	0.4
Housing Units by Geography	956,125	14.1	22.4	33.4	29.4	0.6
Owner-Occupied Units by Geography	552,981	6.5	16.2	37.9	39.2	0.2
Occupied Rental Units by Geography	294,627	22.5	31.0	29.2	16.0	1.2
Vacant Units by Geography	108,517	30.1	30.6	22.4	15.7	1.3
Businesses by Geography	150,156	8.2	16.2	33.0	41.9	0.8
Farms by Geography	3,794	3.7	11.6	40.1	44.5	0.1
Family Distribution by Income Level	521,209	22.8	16.7	19.3	41.2	0.0
Household Distribution by Income Level	847,608	25.9	15.3	16.6	42.2	0.0
Median Family Income MSA - 17460 Cleveland-Elyria, OH MSA		$65,821	Median Housing Value			$138,565
			Median Gross Rent			$761
			Families Below Poverty Level			11.6%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Cleveland MSA AA consisted of all five counties in the MSA. According to the FDIC's Summary of Deposits as of June 30, 2019, HNB's deposits in the AA comprised 12.9 percent of the bank's total deposits, making this AA the bank's second largest in terms of deposits held.

Within the Cleveland MSA AA, the bank had $10.7 billion in deposits and ranked second among 33 depository institutions in the AA with a 14.9 percent market share. The first and third ranked depository institutions in terms of deposit market share were KeyBank, N.A. with 21.9 percent and PNC Bank, N.A. with 13.3 percent. HNB operated 115 branches and 212 ATMs, of which 154 were deposit taking, in the AA.

Information from the October 2019 Moody's Analytics report indicated the Cleveland MSA AA economy declined over the second and third quarters of 2019 and fell behind the economies of Cincinnati and Columbus. Payroll employment was at its highest level in 2018, bolstered by gains in durable goods manufacturing, professional and technical services, transportation, and consumer industries. Auto manufacturers and allied steel suppliers reduced jobs, as national vehicle sales have declined. Healthcare providers are adding most of the jobs over the short- and long-terms due to growing demand in the aging population.

Major economic drivers for the Cleveland MSA AA included education and healthcare services, professional and business services, government, and manufacturing. Key employers in the AA included Cleveland Clinic Foundation, University Hospitals, Progressive Corporation, Giant Eagle, and Metro Health System.

According to the U.S. BLS, the Cleveland MSA AA's unemployment rate mirrored the rest of the country and declined from 5.1 percent in 2016 to 4.4 percent in 2019, higher than the 4.2 percent for the State of Ohio and the U.S. low of 3.5 percent. The unemployment rate in the AA did not vary significantly from the overall state of Ohio, which averaged 5.2 percent in 2016, 4.5 percent in 2017, 4.6 percent in 2018, and 4.2 percent in 2019. The MSA posted a higher-than-average poverty level of 14.5 percent in 2018, and approximately 35 percent of households earned less than $40,000 in gross annual income; only approximately 27 percent earned over $100,000.

Based on information in the above table, low-income families earned less than $32,911 and moderate-income families earned less than $52,657. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $823 for low-income borrowers and $1,316 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $744.

Information provided by four community contacts, three from community development corporations and one from a social services entity, identified the following needs within the Cleveland MSA AA:

- Affordable housing, workforce development, and small business development.
- Bank products and services, tailored for underbanked individuals, including entry-level transaction accounts.
- Credit repair products, secured credit cards, and small-dollar loan products.
- Financial literacy education and counseling.
- Rehabilitation loans, home equity loans, small business lending,
- Neighborhood revitalization/stabilization funding to low-income geographies.

Columbus MSA

The following table provides a summary of the demographics, including housing and business information for the Columbus MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Columbus MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	414	15.7	23.7	31.6	28.0	1.0
Population by Geography	1,872,440	10.3	21.6	34.1	33.2	0.9
Housing Units by Geography	791,535	11.9	22.9	33.7	31.3	0.2
Owner-Occupied Units by Geography	436,614	5.1	17.8	36.5	40.6	0.0
Occupied Rental Units by Geography	282,039	18.2	29.7	31.2	20.5	0.4

Table A – Demographic Information of the Assessment Area Assessment Area: Columbus MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Vacant Units by Geography	72,882	28.5	27.2	26.2	17.5	0.6
Businesses by Geography	137,932	9.2	17.5	30.3	42.4	0.5
Farms by Geography	4,110	4.5	14.5	44.1	36.8	0.1
Family Distribution by Income Level	453,530	21.8	16.8	19.4	41.9	0.0
Household Distribution by Income Level	718,653	23.9	16.3	17.2	42.7	0.0
Median Family Income MSA - 18140 Columbus, OH MSA		$70,454	Median Housing Value			$162,519
			Median Gross Rent			$846
			Families Below Poverty Level			10.5%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Columbus MSA AA consisted of seven of the 10 counties in the MSA. According to the FDIC's Summary of Deposits as of June 30, 2019, HNB's deposits in the AA comprised 27.3 percent of the bank's total deposits, making this AA the bank's largest in terms of deposits held.

Within the Columbus MSA AA, the bank had $22.8 billion in deposits and ranked first among 51 depository institutions in the AA with a 37.4 percent market share. The second and third depository ranked institutions in terms of deposit market share were JPMorgan Chase Bank, N.A. with 22.6 percent and PNC Bank, NA, with 9.5 percent. HNB operated 79 branches and 223 ATMs, of which 150 were deposit taking, in the AA.

Information from the October 2019 Moody's Analytics report indicated the Columbus MSA AA economy started to slow in 2019 but outperformed all other major Ohio metropolitan areas in the second and third quarter. Payroll employment significantly increased in the third quarter of 2019, driven by gains in professional and technical services, state and local government and transportation/utilities. Although average hourly earnings decreased below 2018 levels as new labor market entrants offered lower wages, the Columbus MSA AA labor force growth through September 2019 was the strongest in over two decades. Additionally, Columbus MSA AA house price appreciation increased 2.0 percentage points above the national average due to relatively strong housing demand.

Despite a cyclical slowdown expected in late 2020, professional, technical, and financial services are projected to thrive over the coming decade as the city's modest business costs (approximately 20 percent below the national average) and highly educated population attract white-collar firms. The Columbus MSA AA attracts international and domestic migrants who attend local universities and remain in the area after graduation. In 2018, 38 percent of the city's population held a bachelor's degree, ranking Columbus in the top quintile of Midwest metropolitan areas. A top private-sector employer sought to hire approximately 350 software engineers, marketers, wealth managers, data scientists, and accountants in Columbus and planned to increasingly shift its employee base from New York, NY to lower-cost areas like Columbus to streamline operations over the coming decade.

Economic strengths in Columbus included: good prospects for high tech and other knowledge-based industries; the stable presence of The Ohio State University; favorable migration patterns and age structure; a highly educated workforce; relatively low costs of living and doing business; and above-average house price growth. Weaknesses included a per capita income below the U.S. average and weak single-family residential construction.

Columbus metropolitan healthcare was projected to regain its status as the area's second largest source of employment, driven by robust demographic gains. The Columbus MSA AA's population growth measured twice the national average and eight times the State of Ohio average. The above average population gains created stronger demand for medical services, yielding bigger job gains in healthcare. The recent growth in state and local government will extend over the medium-term as state budgetary conditions remain sound and public-sector institutions expand. Specifically, the city of Columbus's status as the state's capital and the location of The Ohio State University remained strengths.

According to the U.S. BLS, the Columbus MSA AA's unemployment rate mirrored the rest of the country and declined from 4.2 percent in 2016 to 3.5 percent in 2019. The unemployment rate in the AA was well below the overall state of Ohio averages of 5.2 percent in 2016, 4.5 percent in 2017, 4.6 percent in 2018, and 4.2 in 2019 and equal to the national average.

Based on information in the above table, low-income families earned less than $35,227 and moderate-income families earned less than $56,363. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $823 for low-income borrowers and $1,316 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $872.

Information provided by three community contacts from affordable housing organizations and from an OCC/FDIC-sponsored community listening session with community leaders from the Columbus MSA AA identified the following needs within the Columbus MSA AA:

- Affordable housing, in the form of quality rental housing and affordable homes for purchase.
- Financial education and counseling for individuals to repair credit, including how to avoid foreclosure and tax sales.
- Low-cost loans for construction financing.
- Mortgages and rehabilitation loans to repair and remodel the existing housing supply
- Grants to purchase LIHTCs
- Small business development and lending, including lines of credit.
- Workforce development.

Scope of Evaluation in Ohio

Since the state of Ohio was HNB's largest market, examiners selected three AA for full-scope reviews, the Akron MSA, Cleveland MSA, and the Columbus MSA AAs. The Columbus MSA AA had the largest percentage of deposits and reported loans within the state at 47.1 percent and 26.9 percent respectively. The percentages of deposits and reported loans in the Cleveland MMSA AA were 22.1 percent and 24.1 percent, respectively. The percentages of deposits and reported loans in the Akron

MSA AA were 8.7 percent and 10.9 percent, respectively. The Canton MSA, Dayton MSA, Lima MSA, Mansfield MSA, Springfield MSA, Toledo MSA, and the Ohio Non-MSA AAs received limited-scope reviews. Refer to appendix A for more information.

Examiners based the ratings on the results of the areas that received full-scope reviews and the bank's performance in the limited-scope areas, as applicable. The Columbus MSA AA was the most heavily weighted when arriving at the overall conclusion for the state of Ohio.

Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in all 10 AAs. HNB originated too few small loans to farms in the Lima MSA, Mansfield MSA, and the Springfield MSA AAs to conduct any meaningful analyses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

The bank's performance under the Lending Test in Ohio is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Akron MSA, Cleveland MSA, and Columbus MSA AAs was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019*							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Akron MSA	10,014	3,669	45	49	13,777	10.9	8.7
Cleveland MSA	20,589	9,562	110	84	30,345	24.1	22.2
Columbus MSA	25,824	7,708	204	137	33,873	26.9	47.1
Limited-Scope:							
Canton MSA	7,154	1,923	41	19	9,137	7.3	5.8
Dayton MSA	3,518	1,681	39	15	5,253	4.2	1.6
Lima MSA	535	189	18	5	747	0.6	0.5
Mansfield MSA	796	250	3	3	1,052	0.8	0.3
Springfield MSA	754	308	26	10	1,098	0.9	0.6
Toledo MSA	7,975	1,977	55	17	10,024	8.0	5.3
Ohio Non-MSA	15,888	4,326	272	24	20,510	16.3	7.9
Total	**93,047**	**31,593**	**813**	**363**	**125,819**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans 2016 - 2019* (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Akron MSA	$1,191,525	$374,711	$3,137	$100,806	$1,670,179	9.5	8.7
Cleveland MSA	2,788,763	$976,939	$8,678	$435,919	$4,210,299	23.9	22.2
Columbus MSA	$4,925,469	$866,818	$18,589	$601,896	$6,412,772	36.4	47.1
Limited-Scope:							
Canton MSA	$833,252	$168,307	$2,340	$62,146	$1,066,045	6.0	5.8
Dayton MSA	$506,152	$192,369	$4,361	$30,375	$733,257	4.2	1.6
Lima MSA	$54,070	$17,408	$1,628	$12,244	$85,350	0.5	0.5
Mansfield MSA	$74,212	$19,926	$233	$1,227	$95,598	0.5	0.3
Springfield MSA	$73,709	$36,608	$2,696	$17,387	$130,400	0.7	0.6
Toledo MSA	$923,079	$214,471	$3,849	$28,815	$1,170,214	6.6	5.3
Ohio Non-MSA AA	$1,648,223	$369,477	$22,795	$32,539	$2,073,034	11.7	7.9
Total	**$13,018,454**	**$3,237,034**	**$68,306**	**$1,323,354**	**$17,647,148**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Akron MSA

HNB ranked first in deposits out of 27 depository institutions (top 4 percent) with a 28.4 percent market share in the AA. In overall HMDA lending, HNB ranked first out of 361 home mortgage lenders (top 1 percent) with a 16.8 percent market share. The second and third HMDA lenders in market share were Third Federal Savings and Loan with a 5.6 percent market share and Wells Fargo Bank, N.A. with a 5.0 percent market share.

For small loans to businesses, HNB ranked fourth out of 103 small business lenders (top 4 percent) with a 10.5 percent market share. The top three lenders of small loans to businesses in market share were Chase Bank USA, NA., with a 17.7 percent market share, American Express National Bank with a 15.9 percent market share and PNC Bank, N.A. with a 11.8 percent market share.

For small loans to farms, HNB ranked third out of 11 small farm lenders (top 28 percent) with a 17.4 percent market share. The top two lenders of small loans to farms were Chase Bank USA, NA, with a 27.2 percent market share, and Farmers National Bank with a 22.8 percent market share.

Cleveland MSA

HNB ranked second in deposits out of 33 depository institutions (top 7 percent) with a 14.9 percent market share in the AA. In overall HMDA lending, HNB ranked first out of 480 home mortgage lenders (top 1 percent) with a 11.9 percent market share. The second and third ranked HMDA lenders in market share were Third Federal Savings and Loan with a 10.2 percent market share and Wells Fargo Bank, N.A. with a 5.0 percent market share.

For small loans to businesses, HNB ranked fourth out of 124 small business lenders (top 4 percent) with an 8.5 percent market share. The top three lenders of small loans to businesses in market share were American Express National Bank with an 18.1 percent market share, Chase Bank USA, NA., with a 16.3 percent market share, and PNC Bank, N.A. with an 11.4 percent market share.

For small loans to farms, HNB ranked third out of 17 small farm lenders (top 18 percent) with a 21.0 percent market share. The top two lenders of small loans to farms were Farmers National Bank with a 21.9 percent market share and Chase Bank USA, N.A. with a 21.4 percent market share.

Columbus MSA

HNB ranked first in deposits out of 51 depository institutions (top 2 percent) with a 37.4 percent market share in the AA. In overall HMDA lending, HNB ranked first out of 538 home mortgage lenders (top 1 percent) with a 12.5 percent market share. The second and third ranked HMDA lenders in market share were JPMorgan Chase Bank, N.A. with a 6.1 percent market share and Wells Fargo Bank, N.A. with a 5.0 percent market share.

For small loans to businesses, HNB ranked fourth out of 138 small business lenders (top 3 percent) with a 7.4 percent market share. The top three lenders of small loans to businesses in market share were Chase Bank USA, NA., with a 24.6 percent market share, American Express National Bank with a 15.1 percent market share, and PNC Bank, N.A. with a 13.2 percent market share.

For small loans to farms, HNB ranked third out of 23 small farm lenders (top 14 percent) with a 14.4 percent market share. The top two lenders of small loans to farms were Chase Bank USA, NA, with a 21.8 percent market share and John Deere Financial, FSB with 20.3 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited good geographic distribution of loans in its AAs.

Akron MSA

Home Mortgage Loans

Refer to Table O in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was excellent.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of OOUs but exceeded the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies approximated the proportion of OOUs and exceeded the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was good.

- For 2017 – 2019, the proportion of small business loans in low-income geographies was below the proportion of small businesses located in those geographies and near-to the aggregate distribution of loans to small businesses in those geographies.
- For 2017- 2019, the proportion of small business loans in moderate-income approximated the proportion of small businesses located in those geographies and exceeded the aggregate distribution of loans to small businesses in those geographies.
- For 2016, the bank's geographic distribution of small loans to businesses was weaker than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to lower lending penetration in low-income geographies.

Small Loans to Farms

Refer to Table S in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, HNB did not make any small loans to farms in low-income geographies. The proportion of small loans to farms in moderate-income geographies was significantly below the proportion of small farms located in those geographies but approximated the aggregate distribution of loans to small farms in those geographies.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

<u>Cleveland MSA</u>

Home Mortgage Loans

Refer to Table O in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was good.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of OOUs but approximated the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies in 2017 – 2019 was below the proportion of OOUs but near-to the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was good.

- In 2017 – 2019, the proportion of small business loans in both low- and moderate-income geographies was below the proportion of small businesses located in those geographies but near-to the aggregate distribution of loans to small businesses in those geographies.
- For 2016, the bank's geographic distribution of small loans to businesses was stronger than bank's geographic distribution of small loans to businesses for 2017 – 2019 due to higher lending penetrations in both low- and moderate-income geographies.

Small Loans to Farms

Refer to Table S in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank.

- In 2017 – 2019, the proportion of small farm loans in low-income geographies was significantly below the small proportion of farms located in those geographies but exceeded the aggregate distribution of loans to farms in those geographies.
- In 2017 – 2019, the proportion of small farm loans in moderate-income geographies in 2017 – 2019 was well below the proportion of farms located in those geographies but exceeded the aggregate distribution of loans to farms in those geographies.
- For 2016, the bank's geographic distribution of small loans to farms was stronger than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to higher lending penetration in moderate-income geographies.

<u>Columbus MSA</u>

Home Mortgage Loans

Refer to Table O in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was good

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of OOUs but approximated the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies was below the proportion of OOUs but near-to aggregate distribution of loans in those geographies.
- In 2016, geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was adequate.

- For 2017 – 2019, the proportion of small business loans in low-income geographies was below the proportion of small businesses located in those geographies and well below the aggregate distribution of loans to small businesses in those geographies.
- For 2017 – 2019, the proportion of small business loans in moderate-income geographies was below the proportion of small businesses and near-to the aggregate distribution of loans to small businesses in those geographies.
- For 2016, the bank's geographic distribution of small loans to businesses was stronger than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to both higher lending penetrations and aggregate performance in low-income geographies.

Small Loans to Farms

Refer to Table S in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms was adequate considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the proportion of small farm loans in low-income geographies was significantly below the proportion of farms located in those geographies but exceeded the aggregate distribution of loans to small farms in those geographies.
- For 2017 – 2019, the proportion of small farm loans in moderate-income geographies was significantly below the proportion of farms but well below the aggregate distribution of loans to small farms in those geographies.
- For 2016, the bank's geographic distribution of small loans to farms was stronger than the bank's geographic distribution of small loans to farms for 2017 – 2019 due to higher lending penetration and aggregate performance in low-income geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a good distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the institution.

<u>Akron MSA</u>

Home Mortgage Loans

Refer to Table P in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017-2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of businesses with revenues of $1 million or less but exceeded the aggregate distribution.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table T in the State of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to with revenues of $1 million or less was near-to the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank did not make enough small loans to farms to complete a meaningful analysis.

<u>Cleveland MSA</u>

Home Mortgage Loans

Refer to Table P in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017-2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of businesses with revenues of $1 million or less but exceeded the aggregate distribution.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table T in the State of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to with revenues of $1 million or less was near-to the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the percentage of small loans to with revenues of $1 million or less was consistent with the bank's distribution of small loans to farms for 2017 – 2019.

<u>Columbus MSA</u>

Home Mortgage Loans

Refer to Table P in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was well below the percentage of those families in the AA but equaled the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded the percentage of those families in the AA and approximated the aggregate distribution of all reporting lenders in the AA.

- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017-2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of businesses with revenues of $1 million or less but exceeded the aggregate distribution.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Small Loans to Farms

Refer to Table T in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was good considering that small farm lending was not a primary focus for the bank.

- For 2017 – 2019, the percentage of small loans to with revenues of $1 million or less was below the percentage of small farms in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the percentage of small loans to with revenues of $1 million or less was consistent with the bank's distribution of small loans to farms for 2017 – 2019.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion for all three full-scope AAs.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

<u>Akron MSA</u>

The level of CD lending was excellent. HNB made 49 CD loans for a total of $100.8 million, which represented 19.3 percent of allocated tier 1 capital. The bank made significant use of innovative and complex CD loans for community service to assist LMI individuals. HNB originated eight CD loans totaling $28.6 million, to provide 400 affordable housing units plus three single family residences to LMI individuals and families and three retail spaces in LMI neighborhoods. The loans were responsive to the identified needs for affordable housing and to revitalize and stabilize the community. The bank made 10 loans totaling $40.9 million to revitalize, stabilize, and develop LMI neighborhoods.

Additionally, the bank extended 31 loans totaling $34.4 million to organizations providing community services to LMI individuals.

Examples of CD loans in the AA include:

- HNB provided a complex $3.12 million loan to acquire an 80-unit section 8, multi-family housing complex operating with a Housing Assistance Program contract from HUD. The location of the senior age-restricted project was in a middle-income geography in Stow, Ohio.
- In April 2017, HNB renewed a $4.5 million complex construction loan for a project that benefited from New Market Tax Credits. The loan funded construction of a retail plaza in a low-income Akron neighborhood. Tenants in the project includes a grocery store, which the neighborhood lacked, that was highly responsive to the needs in the community and an innovative rehabilitation of the neighborhood. Other planned tenants included a dental service provider that will primarily serve the LMI residents in the neighborhood.

Cleveland MSA

The level of CD lending in the Cleveland MSA AA was excellent. HNB made 84 CD loans for a total of $435.9 million, which represented 32.4 percent of allocated tier 1 capital. The bank made significant use of innovative and/or complex CD loans for several complex projects where the bank often acted in a leadership role. The bank made 28 CD loans totaling $269.1 million with the primary purpose of revitalization and stabilization of the AA. The bank made six loans totaling $16.4 million for the purpose of affordable housing, creating over 225 affordable units. The bank made 39 loans totaling $109.0 million, to organizations providing community services to LMI individuals. Additionally, the bank made 11 loans totaling $38.2 million to support economic development.

Examples of CD loans in the AA include:

- HNB was the agent bank for three complex syndicated loans where HNB retained $26.7 million to refinance and construct a 19-story, 187-unit apartment tower, with street-level retail space in the downtown Cleveland area. The project expected to create approximately 92 permanent retail jobs and was consistent with citywide plan to revitalize the downtown area.
- HNB refinanced a seven-year term complex participation loan where HNB retained $11.4 million used to acquire and improve multi-tenant office and industrial space plus an office tower in a moderate-income geography. HNB also participated in a subsequent seven-year construction-to-permanent loan where HNB retained $18.6 million for capital and tenant improvements related to a major tenant and employer. The project, located in the westside Community Reinvestment Area in a moderate-income geography, was expected to revitalize and stabilize this area by attracting businesses and providing jobs to LMI area residents.
- HNB provided a $13.3 million construction loan to build 70 additional multi-family units and retail space for an existing project located in a low-income geography. This project was part of a citywide revitalization plan to attracting and retaining businesses and residents.

Columbus MSA

The level of CD lending in the Columbus AA was excellent. HNB made 137 CD loans in its AA for a total of $601.9 million, which represented 21.3 percent of allocated tier 1 capital. The bank made use of innovative and complex CD loans to assist LMI individuals with affordable housing and revitalization, economic development, and community services. The bank made 13 CD loans totaling $138.7 million with the primary purpose of revitalization and stabilization of the AA. HNB made 17 CD loans totaling $185.8 million for economic development of LMI neighborhoods. The bank made 26 loans totaling $129.4 million for the purpose of affordable housing, creating 740 units for LMI individuals and families. The greatest number of loans, 81 totaling $148.0 million, the bank made to organizations providing community services to LMI individuals. The loans were responsive to the identified needs for affordable housing and to revitalize and stabilize the community.

Examples of CD loans in the AA include:

- HNB made a $6.3 million complex construction loan to a nonprofit to build a new 64-unit senior LIHTC housing facility in Whitehall, Ohio.
- HNB originated the $10.6 million direct purchase of a complex tax-exempt Ohio Housing Finance Agency bond issuance to fund the rehabilitation of 160 units at a LIHTC project in Dublin, Ohio.
- HNB made two construction loans totaling $9.7 million to convert a former high school into a 49-unit LIHTC senior housing facility in Circleville, Ohio.

Product Innovation and Flexibility

The institution made extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

Akron MSA

Under the bank's *Community Access Mortgage* program, the bank funded four first-time homebuyer mortgages totaling $214,000. Under the *HomeTown Mortgage* loan program, the bank funded 238 first-time homebuyer mortgages totaling $24.6 million. The bank also made 151 unsecured home improvement loans totaling $1.2 million, and 780 loans under the *Debt Manager* program totaling $9.1 million.

Cleveland MSA

Under the bank's *Community Access Mortgage* program, the bank funded 20 first-time homebuyer mortgages totaling $1.6 million. Under the *HomeTown Mortgage* loan program, the bank funded 272 first-time homebuyer mortgages totaling $31.6 million. The bank also made 362 unsecured home improvement loans totaling $2.9 million, and 1,659 loans under the *Debt Manager* program totaling $9.0 million.

Columbus MSA

Under the bank's *Community Access Mortgage* program, the bank funded 33 first-time homebuyer mortgages totaling $3.3 million. Under the *HomeTown Mortgage* loan program, the bank funded 102 first-time homebuyer mortgages totaling $17.4 million. The bank also made 198 unsecured home improvement loans totaling $1.7 million, and 1,041 loans under the *Debt Manager* program totaling $12.4 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Canton MSA, Dayton MSA, Lima MSA, Mansfield MSA, Springfield MSA, Toledo MSA, and the Ohio Non-MSA AAs was consistent with the bank's overall performance under the Lending Test in the full-scope areas.

Refer to Tables O through T in the state of Ohio section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Ohio is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Akron MSA and Columbus MSA AAs was excellent. The bank's performance in the Cleveland MSA AA was good.

Qualified Investments*										
Assessment Area	**Prior Period****		**Current Period**		**Total**				**Unfunded Commitments*****	
	#	**$(000's)**	**#**	**$(000's)**	**#**	**% of Total #**	**$(000's)**	**% of Total $**	**#**	**$(000's)**
Full-Scope:										
Akron MSA	11	3,628	146	47,744	157	13.9	51,372	8.7	10	2,624
Cleveland MSA	24	8,367	192	84,406	216	19.1	92,773	15.7	11	3,809
Columbus MSA	28	14,991	289	224,973	317	28.1	239,964	40.7	12	5,443
Limited-Scope										
Canton MSA	9	1,367	94	27,604	103	9.1	28,971	4.9	6	605
Dayton MSA	11	1,431	61	14,766	72	6.4	16,197	2.7	11	2,025
Lima MSA	1	11	12	4,665	13	1.2	4,676	0.8	1	83
Mansfield MSA	5	116	7	418	12	1.1	534	0.1	4	215
Springfield MSA	5	476	32	5,053	37	3.3	5,529	0.9	4	776
Toledo MSA	12	2,661	83	110,578	95	8.4	113,239	19.2	9	687
Ohio Non-MSA	22	2,256	86	33,675	108	9.6	35931	6.1	14	3,049
Total	**128**	**35,304**	**1,002**	**553,882**	**1,130**	**100.0**	**589,186**	**100.0**	**82**	**19,033**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
** Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
*** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Akron MSA

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 9.8 percent of tier 1 capital allocated to the AA.

The investments and grants reflected excellent responsiveness to the needs identified in the AA including affordable housing. The bank made 20 LIHTC project investments totaling $47.0 million in the current period. The majority of the $2.1 million in grants and donations was to community service organizations that provide services to LMI individuals, with an emphasis on affordable housing.

Examples of CD investments made in the AA include:

- HCDC invested in two LIHTC investments that provided both debt and equity for the following projects:
  - HNB invested $8.6 million in a 40-unit family housing development to help support refugee resettlement in the North Hill Neighborhood of Akron.
  - HNB invested $6.8 million in a housing development consisting of 68 permanent housing units in a moderate-income geography in Akron. The units were to target to individuals with persistent mental illness and/or substance abuse disorders and the homeless population.
- HNB invested a total of $4.2 million to fund the new construction of a LIHTC project that consisted of 60 one-bedroom units of affordable housing.

Cleveland MSA

The institution had a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 6.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflected excellent responsiveness to the needs identified in the AA including affordable housing. CD investments involved several complex tax credit projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies, and/or real estate developers. The bank made 31 LIHTC project investments totaling $69.3 million in the current period. The remaining investments related to economic development and were made to a Small Business Investment Company (SBIC). The majority of the $1.3 million of grants and donations was to community service organizations that provide services to LMI individuals.

Examples of CD investments made in the AA include:

- HCDC purchased $10 million of an 18-month multifamily housing revenue bond series for the acquisition and redevelopment of a 151-unit apartment project targeting moderate-income individuals and families at no more than 60 percent average median income. The location of the project was in a moderate-income geography in Warrensville Heights, Ohio.
- HNB donated $500,000 to a community-wide, public/private partnership to help increase the development, funding, visibility, and impact of early childhood services in Cuyahoga County. The funds supported six Head Start sites. Per Federal eligibility requirements, Head Start accepts only preschool age children from families with incomes below poverty guidelines, children from homeless families, families receiving public assistance, and foster children regardless of foster family income.

Columbus MSA

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 8.4 percent of tier 1 capital allocated to the AA.

The investments and grants reflected excellent responsiveness to the needs identified in the AA affordable housing needs. CD investments involved several complex tax credit projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies, and/or real estate developers. The bank made 44 LIHTC project investments for affordable housing totaling $144.8 million in the current period. Other investments totaling $77.9 million were related to economic development and were made to an SBIC. The majority of the $6.6 million grants and donations was to community service organizations that provide services to LMI individuals.

Examples of innovative and/or complex CD investments made in the Columbus MSA AA during the current period include:

- HCDC purchased $9.2 million in LIHTCs and $2.3 million in deductible tax savings, a total investment of $11.5 million. The project consisted of a 100-unit senior housing development in Dublin, Ohio. The property included 51 affordable housing units, including three units with an Ohio Department of Medicaid subsidy, and 49 market-rate units.
- HNB was the leader in a $24 million investment in a complex $48 million syndicated 36-month construction facility for a mixed-use project that consisted of 234 multi-family units, office space, and retail space. The project, just outside downtown Columbus in a low-income geography, complied with a district plan with the expectation it will attract new and retain existing businesses and residents.
- HNB was the leader in a 36-month, $50.4 million participation loan of which the bank holds a $26.4 million investment. The loan was for the construction of a new 12-story mixed-use project with 125 multi-family units and special multi-tenant commercial space. The project was located adjacent to the Columbus Commons Park in the central business district of Columbus, Ohio, an area designated for redevelopment by the city. The bank structured the transaction with the borrower using Columbus-Franklin County Finance Authority Taxable Development Lease Revenue Bonds.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Canton MSA, Dayton MSA, Lima MSA, Springfield MSA, Toledo MSA, and the Ohio Non-MSA AAs was consistent with the bank's overall performance under the Investment Test in the full-scope areas. The bank's performance in the Mansfield MSA AA was weaker than the bank's performance under the Investment Test in the full-scope areas due to a lower volume of qualified investments. The institution's performance under the Investment Test in the limited-scope areas had a neutral impact on the overall Investment Test rating for the state of Ohio.

SERVICE TEST

The bank's performance under the Service Test in Ohio is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Akron MSA, Cleveland MSA, and Columbus MSA AAs was good.

Retail Banking Services

Distribution of Branch Delivery System*												
Assessment Area	Deposits	Branches						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)**				% of Population within Each Geography**				
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:												
Akron MSA	8.7	42	10.9	7.1	19.1	38.1	35.7	11.4	19.7	41.7	27.2
Cleveland MSA	22.2	115	29.8	7.0	16.5	36.5	40.0	12.1	20.0	34.3	33.2
Columbus MSA	47.1	79	20.5	10.1	13.9	35.4	38.0	10.3	21.6	34.1	33.2
Limited-Scope:												
Canton MSA	5.8	26	6.7	0.0	3.9	65.4	26.9	6.3	10.7	65.7	17.0
Dayton MSA	1.6	12	3.1	0.0	16.7	50.0	33.3	9.1	20.1	42.8	28.1
Lima MSA	0.5	4	1.0	0.0	50.0	25.0	25.0	6.7	18.5	47.6	27.2
Mansfield MSA	0.3	3	0.8	0.0	0.00	66.7	33.3	3.9	16.8	57.4	21.8
Springfield MSA	0.6	3	0.8	0.0	33.3	33.3	33.3	7.4	27.0	40.9	24.7
Toledo MSA	5.3	36	9.3	14.0	5.6	41.7	38.9	13.2	14.6	40.9	30.4
Ohio Non-MSA	7.9	66	17.1	0.0	30.3	50.0	19.7	0.8	15.2	64.0	19.6

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
*** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Akron MSA

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies was below and in moderate-income geographies approximated the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 84 ATMs in the AA, of which 63 were deposit-taking.

Cleveland MSA

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies was below and in moderate-income geographies near to the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 212 ATMs in the AA, of which 154 were deposit-taking.

Columbus MSA

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies approximated and in moderate-income geographies was below the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 223 ATMs in the AA, of which 150 were deposit-taking.

Distribution of Branch Openings/Closings*						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Akron MSA	2	17	-3	-3	-7	-2
Cleveland MSA	10	49	0	-4	-23	-12
Columbus MSA	5	21	-2	-3	-5	-5
Limited-Scope						
Canton MSA	0	7	-1	-1	-5	0
Dayton MSA	2	4	0	1	-2	-1
Lima MSA	1	1	0	1	-1	0
Mansfield MSA	0	1	-1	0	0	0
Springfield MSA	0	0	0	0	0	0
Toledo MSA	1	4	-2	0	-1	0
Ohio Non-MSA	1	21	-1	-6	-10	-3

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Akron MSA

To the extent changes have been made, the institution's opening and closing of branches had adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed 17 branches, three in low-income geographies and three in moderate-income geographies. Half of these closures (one in a low-income geography and two in moderate-income geographies) were branch consolidations with another nearby HNB location. The remaining three closures were due to low branch utilization. The two branch openings were in upper-income geographies.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced the various portions of its AAs, particularly low- and moderate-income geographies and/or individuals. HNB maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Of the 42 branches, 25 have drive-through facilities open the same hours as the lobby. Additionally, 14 branches are within large regional chain grocery stores, three of which are in moderate-income geographies. Grocery store branch hours are 10:00 am to 7:00 pm Monday through Friday and 10:00 am to 3:00 pm Saturday and Sunday.

Cleveland MSA

To the extent changes have been made, the institution's opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed 49 branches, of which only two were in low-income geographies and six in moderate-income geographies. Four closures (one in a low-income geography and three in moderate-income geographies) were due to low branch utilization. The remaining four moderate-income branch closures were due to consolidation with other near-by branch locations. While the closures lowered the number of branches in low- and moderate-income geographies, there was minimal impact on the bank's ability to service LMI individuals as supported by the lending test conclusions. The bank opened 10 branches, of which two branches were in low-income geographies and two branches were in moderate-income geographies.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly LMI geographies and/or individuals. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Out of the 71 stand-alone branches, all maintained Saturday hours except for the five downtown business district branches with minimal weekend retail business activity. The three drive-through only facilities were open the same hours as the stand-alone branches. Additionally, 41 branches are located within large regional chain grocery stores, one in a low-income geography and six in moderate-income geographies. Grocery store branch hours are Monday through Friday from 10:00 am to 7:00 pm and Saturday and Sunday from 10:00 am to 3:00 pm.

Columbus MSA

To the extent changes have been made, the institution's opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed 21 branches, of which three were in low-income geographies and three were in moderate-income geographies. Two of these branch closures (one in a low-income geography and one in a moderate-income geography) were the result of the closures of the grocery chain stores in which the branches were located. Eight of the closures were branch consolidations with other nearby HNB locations. While the closures lowered the number of branches in low- and moderate-income geographies, there was minimal impact on the bank's ability to service LMI individuals as supported by the lending test conclusions. The bank opened five branches, of which two were in low-income geographies.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly LMI geographies and/or individuals. HNB maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Branches were open Monday through Thursday from 9:00 am to 5:00 pm, Friday from 9:00 am to 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Out of the 60 stand-alone branches, all but six branches keep Saturday hours. Three of the branches closed on Saturday were on college campuses; the other three branches closed on Saturday were in downtown or commercial centers with minimal weekend retail business activity. Additionally, 19 branches were located within large regional chain grocery stores, four of which were in moderate-income geographies. The grocery store branches were open Monday through Friday from 10:00 am to 7:00 pm and Saturday and Sunday from 10:00 am until 3:00 pm.

Community Development Services

Akron MSA

The institution provided a significant level of CD services. Employees provided financial or job-specific expertise and/or technical assistance for 510 CD service activities to 55 organizations, recording 3,206 qualified hours within this AA. About half of these hours, or 1,617, related to the bank's assistance organizations that provided financial literacy and first-time homebuyer education. Employees also served on the boards of directors for 17 nonprofit organizations, totaling 1,013 hours. In addition, the bank's assistance was responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One HNB employee served as a board trustee for a nonprofit that provides low-cost senior housing. The employee advised and voted on various property rehabilitation projects, marketing / community engagement, and setting annual housing employee salaries and wages.
- An HNB employee demonstrated the home buying process from the application to closing for 25 participants at a nonprofit neighborhood development corporation event, including follow-up work to ensure the prospective first-time homebuyers understood the process after the completion of the credit counseling classes.
- One HNB employee served on a board of directors as member of the finance committee in a local chapter of a large internationally known charitable organization that builds houses for LMI families. The organization assists families with incomes at 30-80 percent of the MSA median income.

Cleveland MSA

The institution provided a significant level of CD services. Employees provided financial or job-specific expertise and/or technical assistance for 1,154 CD service activities to 127 organizations, totaling 5,849 qualified hours. The majority of the bank's assistance, 3,080 hours, was to organizations that provide community services to LMI individuals and families. Other activities included small business assistance and board of director service for a total of 1,826 hours. The bank's assistance was responsive to identified needs in the AA, particularly with financial education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- Fifteen HNB employees recorded 688 hours teaching LMI students the FDIC's Youth Money Smart Program to provide basic financial education and a detailed simulation of budgeting, credit, and income decisions based on real-life scenarios.
- One HNB employee provided over 100 hours of board service, attending monthly financing committee and quarterly board meetings, and preparing financial projections to contributors. The nonprofit organization provides small business assistance to LMI neighborhoods.

Columbus MSA

The institution provided a significant level of CD services. Employees provided financial or job-specific expertise and/or technical assistance for 792 CD service activities to 87 organizations, totaling 5,886 qualified hours. The majority of the bank's assistance, 3,006 hours, was to organizations that provide community services to LMI individuals and families, including financial literacy and first-time homebuyer education. Employees also served on the boards of directors for 24 nonprofit organizations, providing 1,515 hours of assistance. The bank's assistance was responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One HNB employee served on the board of directors and was a committee member of a nonprofit residential development corporation. The corporation operated 297 senior housing communities, 15 family housing communities, six permanent supportive housing communities, and five assisted living/skilled nursing facilities. Most of the communities provide housing for low-income seniors based on HUD guidelines of less than 80 percent of median family income levels for the geographies.
- An HNB employee instructed on four separate occasions the mortgage part of a homebuyer education class for prospective first-time homebuyers attending events at the university extension program located in an LMI district. The instruction included explaining grants and down payment assistance to LMI prospective homebuyers and teaching the mortgage process and what a borrower must do to be mortgage ready, including credit, down payments, mortgage programs, income, and liabilities.
- One HNB employee served on a board of directors and as a member of the fundraising committee of a nonprofit advocacy group that works to improve, expand, guide, and positively influence policy for affordable housing in Ohio.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Lima MSA, Springfield MSA, and the Ohio Non-MSA AAs was consistent with the bank's overall performance under the Service Test in the full-scope areas. The bank's performance under the Service Test in the Canton MSA, Dayton MSA, Mansfield MSA, and the Toledo MSA AAs was weaker than the bank's overall performance under the Service Test in the full-scope areas due to poorer branch distributions in low- and moderate-income geographies. The institution's performance under the Service Test in the limited-scope areas had a neutral impact on the overall Service Test rating for the state of Ohio.

State of Pennsylvania

CRA rating for the State of Pennsylvania[7]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.
- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.
- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.
- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Pennsylvania

HNB delineated three AAs within Pennsylvania. They included the entirety or portions of the Pittsburgh, PA (Pittsburgh) MSA, Erie, PA (Erie) MSA, and one Non-MSA (Pennsylvania Non-MSA) county. Refer to appendix A for a list of counties reviewed within each AA.

Based on June 30, 2019 FDIC summary of deposit information, HNB had $3.8 billion of deposits in Pennsylvania, which represented 4.5 percent of the bank's overall deposits. The bank originated and purchased $1.5 billion in loans or 4.0 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in Pennsylvania were home mortgage loans and small loans to businesses.

HNB operated 43 branches, representing 4.7 percent of the bank's branches, and 59 ATMs, of which 54 were deposit-taking. HNB ranked ninth out of 42 depository institutions with 2.4 percent deposit market share. The leading three depository institutions in the state were PNC Bank, N.A. with a 41.6 percent market share, BNY Mellon, N.A. with a 13.42 percent market share, and The Bank of New York Mellon with a 10.9 percent market share.

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[7] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area..

Pittsburgh MSA

The following table provides a summary of the demographics, including housing and business information, for the Pittsburgh MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Pittsburgh MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	656	8.8	21.6	44.7	22.6	2.3
Population by Geography	2,156,096	5.2	17.1	48.6	28.5	0.6
Housing Units by Geography	1,009,395	6.1	19.2	48.7	25.9	0.1
Owner-Occupied Units by Geography	630,967	2.8	14.3	51.9	31.1	0.0
Occupied Rental Units by Geography	278,034	11.1	26.8	43.7	18.1	0.4
Vacant Units by Geography	100,394	13.0	28.9	42.6	15.2	0.3
Businesses by Geography	168,466	4.8	13.5	42.7	38.1	0.8
Farms by Geography	3,920	2.1	10.6	57.6	29.6	0.1
Family Distribution by Income Level	558,302	20.3	17.1	20.5	42.1	0.0
Household Distribution by Income Level	909,001	24.6	15.3	17.0	43.2	0.0
Median Family Income MSA - 38300 Pittsburgh, PA MSA		$69,624	Median Housing Value			$140,986
			Median Gross Rent			$764
			Families Below Poverty Level			8.1%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Pittsburgh MSA AA consisted of five of the seven counties in the Pittsburgh, PA MSA. According to the FDIC's Summary of Deposits, as of June 30, 2019, HNB's deposits in the AA comprised 3.9 percent of the bank's total deposits.

Within the Pittsburgh MSA AA, the bank had $3.3 billion in deposits and ranked ninth out of 44 depository institutions in the AA with a 2.3 percent market share. The top three depository institutions in terms of deposit market shares were PNC Bank, N.A. with a 42.1 percent, BNY Mellon, NA, with a 14.1 percent, and The Bank of New York Mellon, with a 11.4 percent. HNB operated 35 branches and 45 ATMs in the AA, of which 43 were deposit-taking.

Information from the September 2019 Moody's Analytics report indicated the Pittsburgh, Pennsylvania economy is in a period of slow growth. The Pittsburgh MSA AA's major economic drivers included finance, medical technology/centers, and energy and natural resources. Low business costs and a large pool of graduates in the science, technology, engineering, and science fields helped Pittsburgh develop into a technology hub. The region saw an increased technology presence with an influx of companies including Apple, Microsoft, and Google. Royal Dutch Shell's construction of a massive petrochemical manufacturing plant continued to support over 5,000 construction jobs. Other major employers in the

Pittsburgh MSA AA included UPMC Health System, Highmark Inc., The University of Pittsburgh, and PNC Financial Services Group.

Strengths of the Pittsburgh economy included the presence of top educational and research institutions and a skilled labor force. The area had a relatively low cost of living compared to other large Northeastern metropolitan areas. Although competition from e-commerce adversely impacted Pittsburgh's brick and mortar stores, Pittsburgh was growing as a logistics hub and many e-commerce companies had expanded their presence in the area. Amazon, for instance, built a distribution facility in Findlay Township, PA.

Hindering long-term economic growth was the area's weak population metrics. Labor force contraction continued to occur in Pittsburgh due to an aging population and the number of residents leaving Pittsburgh exceeding the number of residents coming into the MSA. The aging infrastructure of Pittsburgh also presented difficulties for businesses and citizens. However, led by the high technology and healthcare industries, Moody's Analytics expected Pittsburgh's economy to correct itself and for job growth in the Pittsburgh MSA AA to catch up to the Pennsylvania average.

Based on information in the above table, low-income families earned less than $34,812 and moderate-income families earned less than $55,699. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $870 for low-income borrowers and $1,392 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $757.

According to the U.S. BLS, the Pittsburgh MSA AA unemployment rate mirrored the rest of the country and declined from an average of 5.6 percent in 2016 to an average of 4.0 in the first nine months of 2019.

Information provided by two community contacts, both of which were community development organizations, identified the following needs within the Pittsburgh MSA AA:

- Rehabilitation and home improvement loans to improve the housing stock that require structural repairs.
- Low-income housing and support services for seniors as critical.
- Access to safe and affordable single-family housing (for both rental and purchase).
- Affordable housing.
- Checking accounts and retirement account services for start-up and newer companies.

Scope of Evaluation in Pennsylvania

Examiners selected the Pittsburgh MSA AA for a full-scope review. The Pittsburgh MSA AA had the largest percentage of deposits and reported loans within the state at 87.2 percent and 85.0 percent, respectively. The Erie MSA and the Pennsylvania Non-MSA AAs received limited-scope reviews. Refer to appendix A for more information.

Examiners based the ratings on the results of the area that received a full-scope review and the bank's performance in the limited-scope areas, as applicable. The Pittsburgh MSA AA was the most heavily weighted when arriving at the overall conclusion for the state of Pennsylvania.

Examiners placed more emphasis on home mortgage loans versus small loans to businesses in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in all three AAs. HNB did not originate enough farm loans in either analysis period in any of the AAs to conduct a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA

LENDING TEST

The bank's performance under the Lending Test in Pennsylvania is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Pittsburgh MSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019*							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Pittsburgh MSA	6,377	2,908	24	33	9,342	85.9	87.2
Limited-Scope:							
Erie MSA	297	156	0	2	455	4.2	2.0
Pennsylvania Non-MSA	769	309	2	3	1,083	9.9	10.8
Total	**7,443**	**3,373**	**26**	**38**	**10,880**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans 2016 - 2019* (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Pittsburgh MSA	$1,039,854	$275,178	$1,565	$200,168	$1,516,765	90.4	87.2
Limited-Scope:							
Erie MSA	$34,257	$13,681	$0	$981	$48,919	2.9	2.0
Pennsylvania Non-MSA	$80,583	$27,813	$54	$4,076	$112,526	6.7	10.8
Total	**$1,154,694**	**$316,672**	**$1,619**	**$205,225**	**$1,678,210**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

HNB ranked ninth in deposits out of 44 depository institutions (top 21 percent), with a 2.5 percent market share in the AA. In overall HMDA lending, HNB ranked eighth out of 558 lenders (top 2 percent) with a 3.3 percent market share. The top three lenders in terms of market share were PNC Bank, N.A with a 10.0 percent market share, Wells Fargo Bank, NA, with a 6.9 percent market share, and Dollar Bank, FSB with a 6.5 percent market share.

For small loans to businesses, HNB ranked 14th out of 131 lenders (top 11 percent) with a market share of 5.39 percent. The top three lenders in terms of market share were PNC Bank, N.A. with a 20.8 percent market share, American Express National Bank with a 17.0 percent market share, and Chase Bank USA, N.A. with a 10.1 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was excellent.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies was below the proportion of OOUs but exceeded the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies exceeded both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was weaker than the bank's geographic distribution of home mortgage loans for 2017 – 2019 due to poorer distributions in both low- and moderate-income geographies.

Small Loans to Businesses

Refer to Table Q in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was good.

- For 2017 – 2019, the proportion of small loans to businesses in low-income geographies was below the proportion of small businesses located in those geographies but near-to the aggregate distribution of loans to small businesses.
- For 2017 – 2019, the proportion of small loans to businesses in moderate-income geographies was near-to both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses.
- For 2016, the bank's geographic distribution of small loans to businesses was stronger than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to better distribution in both low- and moderate-income geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a good distribution of loans among individuals of different income levels and businesses and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion for all three full-scope AAs.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Pittsburgh MSA AA was excellent. HNB made 33 CD loans in its AA for a total of $200.2 million, which represented 48.2 percent of allocated tier 1 capital. The bank made use of innovative and complex CD loans to assist LMI individuals with affordable housing and revitalization, economic development, and community services. The bank made six CD loans totaling $51.6 million with the primary purpose of revitalization and stabilization of the AA. HNB made nine CD loans totaling $27.7 million for economic development of LMI neighborhoods. The bank made one loan totaling $6.0 million for the purpose of affordable housing, creating 24 units for LMI individuals and families. The greatest number of CD loans, 15 totaling $110.4 million, were made to organizations providing community services to LMI individuals. The loans were responsive to the identified needs for affordable housing and to revitalize and stabilize the community.

Examples of CD loans in the AA include:

- HNB refinanced a $4.7 million loan used to reconstruct a women's shelter facility to increase capacity by 33 percent and provide additional security improvements. The nonprofit women's center and shelter provide safety, shelter, support, and guidance to victims of domestic violence in the greater Pittsburgh area. Incomes for the facility's residents approximated $4,000 per capita and $7,600 per household, well below the poverty level and the low-income threshold for the Pittsburgh MSA AA.
- HNB renewed a $2.5 million revolving line-of-credit for an arts and technology training center that focuses on adult career training and youth arts education. Over 62.0 percent of the students qualified for the free or reduced lunch program.

Product Innovation and Flexibility

The institution made extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded 10 first-time homebuyer mortgages totaling $549,000. Under the *HomeTown Mortgage* loan program, the bank funded 38 first-time homebuyer mortgages totaling $4.4 million. The bank also made 80 unsecured home improvement loans totaling $668,000 and 490 loans under the *Debt Manager* program totaling $5.6 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Erie MSA AA was consistent with the bank's overall performance under the Lending Test in the full-scope area. The bank's performance in the Pennsylvania Non-MSA AA was weaker than the bank's overall performance due to a poorer geographic distribution of home mortgage loans. Performance in this limited-scope AA did not affect the bank's overall rating for the state of Pennsylvania.

Refer to Tables O through T in the state of Pennsylvania section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Pennsylvania is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Pittsburgh MSA AA was excellent.

Qualified Investments*										
Assessment Area	Prior Period**		Current Period		Total				Unfunded Commitments***	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Full-Scope:										
Pittsburgh MSA	8	6,115	160	31,013	168	89.3	37,128	81.3	1	56
Limited-Scope										
Erie MSA	1	50	3	2,704	4	2.1	2,754	6.0	0	0
Non-MSA Pennsylvania	2	113	6	4,031	8	4.3	4,144	9.1	0	0
Total	**17**	**7,167**	**171**	**38,506**	**188**	**100.0**	**45,673**	**100.0**	**3**	**540**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
** Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
*** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 8.9 percent of tier 1 capital allocated to the AA.

The institution exhibited excellent responsiveness to credit and community economic development needs. The institution made extensive use of innovative and/or complex investments to support CD initiatives. The bank made eight single investor LIHTC project investments for $28.0 million and invested in four LIHTC syndications totaling $3.1 million. HNB made the majority of its current period grants and donations of $1.2 million to community service organizations that provided services to LMI individuals, with emphasis on youth programs and job training for the unemployed and/or underemployed.

Examples of CD investments made in the AA include:

- HCDC invested $3.1 million in a LIHTC-eligible development. The development was a senior apartment complex comprised of 12 one-story buildings consisting of 62 townhouse units located in Plum Borough, Allegheny County, Pennsylvania. The project targeted residents 62 years of age and older with income less than 60 percent of the AMI.
- HCDC invested $6.1 million in a low-income housing limited partnership. The development will replace demolished public housing located 1.5 miles north of downtown Pittsburgh and will consist of 65 new units, 47 of which will be LIHTC eligible.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in both the Erie MSA and Pennsylvania Non-MSA AAs was consistent with the bank's overall performance in the Investment Test in the full-scope area. Performance in the limited-scope AAs did not affect the overall Investment Test rating for the state of Pennsylvania.

SERVICE TEST

The bank's performance under the Service Test in Pennsylvania is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Pittsburgh MSA AA was good.

Retail Banking Services

Distribution of Branch Delivery System*											
	Deposits	Branches						Population			
Assessment Area	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)**				% of Population within Each Geography**			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Pittsburgh MSA	87.2	35	81.4	2.9	17.1	45.7	34.3	5.2	17.1	48.6	28.5
Limited-Scope:											
Erie MSA	2.0	2	4.6	0.0	50.0	50.0	0.0	9.6	12.9	46.3	30.4
Pennsylvania Non-MSA	10.8	6	14.0	33.3	0.0	33.3	33.3	6.4	8.3	72.0	13.3

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
*** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies equaled, the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 45 ATMs in the AA, of which 43 were deposit-taking.

Distribution of Branch Openings/Closings*						
Branch Openings/Closings*						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Pittsburgh MSA	2	4	-1	-2	-1	2
Limited-Scope						
Erie MSA	0	0	0	0	0	0
Pennsylvania Non-MSA	1	0	1	0	0	0

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

To the extent changes have been made, the institution's opening and closing of branches had adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed four branches, one in a low-income geography and two in moderate-income geographies. The branch closures were due to low customer utilization. The bank opened two branches, both in upper-income geographies.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly low- and moderate-income geographies and/or individuals. Branches were open Monday through Thursday from 9:00 am to 4:00 pm or 5:00 pm, Friday from 9:00 am to 5:00 pm or 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Of the 35 branches, 27 have drive-through facilities open the same hours as the branch lobbies.

Community Development Services

The institution provided a significant level of CD services.

Employees provided financial or job-specific expertise and/or technical assistance for 434 CD service activities to 56 organizations totaling 2,284 qualified hours within this AA. Over 850 hours of assistance were to organizations that provide community services to LMI individuals and families, including financial literacy and first-time homebuyer education. Other activities, totaling over 950 hours, targeted small business assistance and board of director and committee member service. The bank's assistance was responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- Eighteen HNB employees contributed 90 hours participating in a local high school's first "Reality Day" aimed at empowering high school juniors to make good financial decisions over the course of their lifetime. Ninety-eight percent of students were enrolled in the free or reduced lunch program. Students participated in a classroom lecture and then an interactive "game of life" where they were assigned a job, credit score, and a family, and used a simulated checking account to pay for monthly necessities including food, housing, childcare, taxes, transportation, utilities, and other expenses.
- One HNB employee contributed 26 hours as the instructor for a first-time homebuyer education workshop for LMI individuals, hosted by a greater Pittsburgh nonprofit community organization; the events drew in up to 22 participants for the two-hour weekend training.

- One HNB employee contributed 66 hours as a member of the board of directors of a nonprofit that serves LMI communities and individuals with four main programs: workforce and business development, housing counseling, housing and real estate development, and community outreach. The nonprofit renovates and constructs high quality affordable housing and assists the surrounding community to develop and maintain their main street districts; provides individuals with the tools and training needed to enter the workforce; and offers one-on-one housing counseling services to teach successful home ownership.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Erie MSA and Pennsylvania Non-MSA AAs was consistent with the bank's overall performance under the Service Test in the full-scope area.

State of West Virginia

CRA rating for the State of West Virginia[8]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an adequate level of qualified investments, grants, and donations.

- The bank's branches were readily accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

Description of Institution's Operations in West Virginia

HNB delineated five AAs within West Virginia. They included portions of the Morgantown, WV (Morgantown) MSA, Charleston, WV (Charleston) MSA, Huntington-Ashland WV-KY-OH (Huntington) MSA, Parkersburg-Vienna, WV (Parkersburg) MSA, and five Non-MSA (West Virginia Non-MSA) counties. Refer to Appendix A for a list of counties reviewed within each AA.

Based on June 30, 2019, FDIC summary of deposit information, HNB had $3.8 billion of deposits in West Virginia, which represented 2.7 percent of the bank's overall deposits. The bank originated and purchased $793.2 million in loans or 2.2 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in West Virginia were home mortgage loans and small loans to businesses.

HNB operated 28 branches, representing 3.1 percent of the bank's branches, and 42 ATMs, of which 30 were deposit-taking. HNB ranked third out of 40 depository institutions with an 11.9 percent deposit market share. The top two depository institutions in terms of deposit market share were Branch Banking and Trust Company with an 18.6 percent market share and United Bank with an 18.5 percent market share.

[8] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Morgantown MSA

The following table provides a summary of the demographics, including housing and business information, for the Morgantown MSA AA.

Table A – Demographic Information of the Assessment Area Assessment Area: Morgantown MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	24	4.2	20.8	41.7	33.3	0.0
Population by Geography	101,668	1.5	20.3	41.1	37.2	0.0
Housing Units by Geography	44,167	0.7	22.6	42.3	34.5	0.0
Owner-Occupied Units by Geography	21,173	0.0	15.3	43.2	41.4	0.0
Occupied Rental Units by Geography	15,862	1.2	31.6	39.6	27.6	0.0
Vacant Units by Geography	7,132	1.3	24.4	45.2	29.1	0.0
Businesses by Geography	6,982	0.3	21.7	37.5	40.5	0.0
Farms by Geography	136	0.0	9.6	46.3	44.1	0.0
Family Distribution by Income Level	19,381	20.9	14.4	20.4	44.2	0.0
Household Distribution by Income Level	37,035	29.1	13.1	14.3	43.5	0.0
Median Family Income MSA - 34060 Morgantown, WV MSA		$63,745	Median Housing Value			$172,514
			Median Gross Rent			$765
			Families Below Poverty Level			10.7%

Source: 2015 ACS and 2019 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Morgantown MSA AA consisted of one of the two counties in the Morgantown, WV MSA. According to the FDIC's Summary of Deposits as of June 30, 2019, HNB's deposits in the AA comprised 0.6 percent of the bank's total deposits.

Within the Morgantown MSA AA, the bank had $467.7 million in deposits and ranked second out of 11 depository institutions in the AA with an 18.1 percent market share. The first and third depository institutions in terms of deposit market share were United Bank with a 31.2 percent and Branch Banking and Trust Company with a 16.5 percent. HNB operated seven branches and 10 ATMs in the AA, of which six were deposit-taking.

Information from the September 2019 Moody's Analytics report indicated the Morgantown MSA AA economy was stagnant in 2019 because of decreased hiring in the AA and a lackluster labor market. However, due to the robust growth of the city's healthcare industry during the evaluation period, analysts expected Morgantown's economy to improve in 2020. An additional cause for improvement in Morgantown's economy was the stabilization of the state's government so that steady funding for schools, universities, and other public institutions in the AA keep thousands of employees on the job. Additionally, the location of West Virginia University in Morgantown offered stability, although a challenge remains with many of the students graduating and leaving the area, taking their education and skills to other larger markets. Longer term, the expectation is that Morgantown will retain its edge over the rest of West Virginia and keep pace with the U.S. due to the large healthcare and university presence.

Morgantown MSA AA's major economic drivers include government (including federal research labs), education, and healthcare services. Other significant industries in Morgantown include accommodation and food services, professional, scientific, and technical services, and construction. The largest employers in the AA and the surrounding area include West Virginia University, West Virginia University Hospitals, Mylan Pharmaceuticals, Inc., Monongalia County Board of Education, University Health Associates, Monongalia General Hospital, and Teletech Customer Care Management (WV), Inc.

Based on information in the above table, low-income families earned less than $31,873 and moderate-income families earned less than $50,996. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $797 for low-income borrowers and $1,275 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $926. Low-income borrowers would be challenged to afford a mortgage loan in the Morgantown MSA AA.

According to the U.S. BLS, the Morgantown MSA AA unemployment rate mirrored the rest of the country and declined from 4.6 percent in 2016 to 3.9 percent in 2019, lower than the 4.9 percent for the state of West Virginia, but higher than the U.S. rate of 3.5 percent. The MSA posted a higher-than-average poverty rate of 19 percent in 2018 and approximately 41 percent of area households earned less than $40,000 in gross annual income; approximately 23 percent earned over $100,000. The area has a relatively low cost of living compared to metropolitan areas in surrounding states.

Information provided by the one community contact, a regional housing authority, conducted as part of this evaluation identified the following needs within the Morgantown MSA AA.:

- Safe and affordable single-family housing (for both rental and purchase).
- First-time homebuyer mortgages, including down payment assistance.
- Home rehabilitation loans to improve the current housing stock.

Scope of Evaluation in West Virginia

Examiners selected the Morgantown MSA AA for a full-scope review. While this area accounted for neither the largest portion of the state's lending nor the largest portion of deposits, examiners selected this AA for a full-scope review because it had been reviewed as a limited-scope AA in the prior two CRA evaluations. The Charleston MSA, Huntington MSA, Parkersburg MSA, and West Virginia Non-MSA AAs received limited-scope reviews. Refer to appendix A for more information.

Examiners based the ratings on the results of the area that received a full-scope review and the bank's performance in the limited-scope areas, as applicable. The Charleston MSA AA was the most heavily weighted when arriving at the overall conclusion for the state of West Virginia.

Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented the majority of HNB's lending in all five AAs. HNB did not originate enough small loans to farms in any of the AAs to complete a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST VIRGINIA

LENDING TEST

The bank's performance under the Lending Test in West Virginia is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Morgantown MSA AA was excellent.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Number of Loans 2016 - 2019*							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Morgantown MSA	1,068	168	2	3	1,241	20.7	23.3
Limited-Scope:							
Charleston MSA	724	442	9	1	1,176	19.5	32.8
Huntington MSA	736	364	4	1	1,105	18.4	9.2
Parkersburg MSA	394	134	0	2	530	8.8	6.5
West Virginia Non-MSA	1,506	448	6	4	1,964	32.6	28.2
Total	**4,428**	**1,556**	**21**	**11**	**6,016**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans 2016 - 2019* (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Morgantown MSA	$203,596	$17,649	$26	$12,000	$233,271	28.6	23.3
Limited-Scope:							
Charleston MSA	$91,156	$52,812	$544	$1,106	$145,618	17.9	32.8
Huntington MSA	$97,960	$35,174	$290	$2,200	$135,624	16.7	9.2
Parkersburg MSA	$52,351	$13,770	$0	$5,685	$71,806	8.8	6.5
West Virginia Non-MSA	$176,189	$51,430	$294	$220	$228,133	28.0	28.2
Total	**$621,252**	**$170,835**	**$1,154**	**$21,211**	**$814,452**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

HNB ranked second in deposits out of 11 depository institutions (top 19 percent) with an 18.1 percent market share in the AA. In overall HMDA lending, HNB ranked first out of 133 home mortgage lenders (top 1 percent) with a 13.0 percent market share. The second and third lenders in terms of market share were Clear Mountain Bank with an 8.5 percent market share and Home Savings Bank with an 8.0 percent market share.

For small loans to businesses, HNB ranked 10th out of 70 small business lenders (top 15 percent) with a 3.2 percent market share. The top three lenders in terms of market share were Branch Banking and Trust Company with a 16.6 percent market share, American Express National Bank with a 13.5 percent market share, and United Bank with a 6.5 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of West Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was excellent.

- For 2017 – 2019, the proportion of home mortgage loans in low-income geographies approximated both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2017 – 2019, the proportion of home mortgage loans in moderate-income geographies exceeded both the proportion of OOUs and the aggregate distribution of loans in those geographies.
- For 2016, the bank's geographic distribution of home mortgage loans was consistent with the bank's geographic distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table Q in the state of West Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was excellent.

- For 2017 – 2019, HNB did not make any loans in low-income geographies, however only 0.3 percent of businesses were in low-income geographies.
- For 2017 – 2019, the proportion of small loans to businesses in moderate-income geographies exceeded both the proportion of small businesses located in those geographies and the aggregate distribution of loans to small businesses.
- For 2016, the bank's geographic distribution of small loans to businesses was weaker than the bank's geographic distribution of small loans to businesses for 2017 – 2019 due to poorer distribution in moderate-income geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a good distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the state of West Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was good.

- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to low-income borrowers was well below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2019, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.
- For 2016, the bank's borrower distribution of home mortgage loans was consistent with the bank's borrower distribution of home mortgage loans for 2017 – 2019.

Small Loans to Businesses

Refer to Table R in the state of West Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2019, the percentage of small loans to businesses with revenues of $1 million or less was below the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.
- For 2016, the bank's borrower distribution of small loans to businesses with revenues of $1 million or less was consistent with the bank's distribution of small loans to businesses for 2017 – 2019.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables reflect all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Morgantown MSA AA was excellent. HNB made three CD loans in its AA for a total of $12.0 million, which represented 20.1 percent of allocated tier 1 capital. The bank made use of innovative CD loans for community service to assist LMI individuals. An example of a CD loan originated in the Morgantown MSA AA is:

- HNB renewed and increased $12.0 million in working capital revolving lines of credit to support the operations of a Morgantown-based organization that provides in-home continuing care services to patients in West Virginia. Medicaid receivables represent more than 90 percent of the organization's revenues.

Product Innovation and Flexibility

The institution used innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded one first-time homebuyer mortgage totaling $171,000. The bank also made 19 unsecured home improvement loans totaling $201,000 and 95 loans under the *Debt Manager* program totaling $1.2 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Huntington MSA, Parkersburg MSA, and West Virginia Non-MSA AAs was consistent with the bank's overall performance under the Lending Test in the full-scope area. The bank' performance under the Lending Test in the Charleston MSA AA was weaker than the bank's overall performance under the lending test due to a lower level of CD lending activity. Performance in the limited-scope areas did not affect the overall Lending Test rating for the state of West Virginia.

Refer to Tables O through T in the state of West Virginia section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in West Virginia is rated Low Satisfactory. The stronger combined Investment Test performance in the limited-scope AAs positively affected the bank's overall Investment Test rating for the state of West Virginia.

Conclusions for Area Receiving a Full-Scope Review

Based on full-scope review, the bank's performance in the Morgantown MSA AA was poor.

Qualified Investments*										
Assessment Area	Prior Period**		Current Period		Total				Unfunded Commitments***	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Full-Scope:										
Morgantown MSA	2	64	13	164	15	13.6	228	1.0	0	0
Limited-Scope										
Charleston MSA	4	41	41	13,589	49	44.6	13,630	60.6	0	0
Huntington MSA	3	1,900	9	654	12	10.9	2,554	11.3	1	6
Parkersburg MSA	1	23	11	2,223	12	10.9	2,246	10.0	0	0
West Virginia Non-MSA	5	1,820	17	2,035	22	20.0	3,855	17.1	0	0
Total	**15**	**3,848**	**91**	**18,665**	**110**	**100.0**	**22,513**	**100.0**	**1**	**6**

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
** Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
*** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had a few, if any, qualified CD investments and grants, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 0.4 percent of tier 1 capital allocated to the AA.

The institution exhibited adequate responsiveness to credit and community economic development needs. The institution rarely used innovative and/or complex investments to support CD initiatives. The majority of grants, $131,000, was to community service organizations that provided services to LMI individuals.

Examples of CD investments made in the AA include:

- HNB provided a $30,000 grant to support programs in a quasi-government agency that connects government assisted programs with private partners and community service programs. Services include public housing, Section-8 housing choice, veterans assistance, family self-sufficiency and housing rehab vouchers, mortgage origination, housing counseling and development, and redevelopment programs.
- HNB provided a $50,000 grant to a local university's small business "Startup Engine" for the operation of the small business accelerator program. The investment supported students, faculty, and staff in developing and growing their own business ideas in entrepreneurship and innovation, to facilitate growth of the West Virginia economy.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Charleston MSA, Huntington MSA, Parkersburg MSA, and the West Virginia Non-MSA AA were stronger than the bank's overall performance in the Investment Test in the full-scope area due to higher volumes of qualified investments. Performance in the limited-scope AAs positively affected the overall Investment Test rating for the state of West Virginia.

SERVICE TEST

The bank's performance under the Service Test in West Virginia is rated Outstanding

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Morgantown MSA AA was excellent.

Retail Banking Services

Service delivery systems were readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System*											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)**				% of Population within Each Geography**			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Morgantown MSA	23.3	7	25.0	0.0	28.6	57.1	14.3	1.5	20.3	41.1	37.2
Limited-Scope:											
Charleston MSA	32.8	6	21.4	0.0	16.7	83.3	0.0	1.9	13.1	52.1	32.9
Huntington MSA	9.2	4	14.3	25.0	0.0	50.0	25.0	6.0	14.9	47.1	30.6
Parkersburg MSA	6.5	1	3.6	0.0	0.0	100.0	0.0	0.0	10.1	68.8	21.1
West Virginia Non-MSA	28.2	10	35.7	10.0	10.0	60.0	20.0	0.8	7.5	57.5	34.2

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
*** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were readily accessible to geographies and individuals of different income levels in the institution's AA. HNB did not have any branch location in low-income geographies; however, only 1.5 percent of the population resided within those geographies. The bank's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had ten ATMs in the AA, of which six were deposit-taking.

Distribution of Branch Openings/Closings*						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Morgantown MSA	0	0	0	0	0	0
Limited-Scope						
Charleston MSA	1	2	0	0	-1	0
Huntington MSA	0	0	0	0	0	0
Parkersburg MSA	0	1	0	0	-1	0
West Virginia Non-MSA	0	2	0	0	0	-2

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

HNB did not open or close any branches in the Morgantown MSA AA during the evaluation period.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AA, particularly low- and moderate-income geographies and/or individuals. Branches were open Monday through Thursday from 9:00 am to 4:00 pm or 5:00 pm, Friday from 9:00 to 5:00 pm or 6:00 pm, and Saturday from 9:00 am to 12:00 pm. Out of the seven branches, two had drive-through teller windows that were open the same hours as the branch lobbies. A stand-alone drive-through only facility keeps those same hours. Additionally, two branches were located within a large regional grocery store, both in moderate-income geographies and providing extended hours on weekends. The grocery store branches were open Monday through Friday from 10:00 am to 7:00 pm and Saturday and Sunday from 10:00 am to 3:00 pm.

Community Development Services

The institution provided a significant level of CD services.

Employees provided financial or job-specific expertise and/or technical assistance for 24 CD service activities to four organizations totaling 645 qualified hours within this AA. Approximately two-thirds of the bank's assistance, or 406 hours, were for five bank employees serving on the boards of director of four nonprofit organizations. The remaining one-third of the bank's assistance of 240 hours was to an organization that provided community services to LMI individuals and families, including financial literacy and first-time homebuyer education. The bank's assistance was responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

The following are examples of CD services provided in this AA:

- One HNB employee served as a board member, executive committee member, and chair of the fund-raising campaign to lend financial expertise and leadership abilities to the local chapter of a national charitable organization that supported 52 programs at 27 health and human service agencies that assist seniors, homeless, children and other populations. Intake data reflected 92 percent of clients served by supported agencies were LMI, earning less than $29,965 per household.

- One HNB employee served as a family selection committee member in a local chapter of a large international charitable organization that builds houses for LMI families. The local organization assisted families with incomes below 60 percent of the MSA median income. The employee worked with applicant families to help resolve credit issues and create a financial budget.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the Service Test in the Charleston MSA and West Virginia Non-MSA AAs was consistent with the bank’s overall performance under the Service Test in the full-scope area. The bank’s performance under the Service Test in the Huntington MSA and Parkersburg MSA AAs was weaker than the banks overall performance under the Service Test in the full-scope area due to poorer branch distributions in moderate-income geographies. Performance in the limited-scope areas had a neutral impact on the overall Service Test conclusion.

State of Wisconsin

CRA rating for the State of Wisconsin [9]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was good and overall borrower distribution was excellent.

- CD loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a good level of qualified investments, grants, and donations.

- The bank's branches were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank provided a significant level of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Wisconsin

HNB delineated seven AAs within Wisconsin. They included the entirety or portions of the Appleton, WI (Appleton) MSA, Duluth, MN-WI (Duluth) MSA, Green Bay, WI (Green Bay) MSA, Madison, WI (Madison) MSA, Milwaukee-Waukesha-West Allis, WI (Milwaukee) MSA, Oshkosh-Neenah, WI (Oshkosh) MSA and 14 non-MSA counties (Wisconsin Non-MSA), which examiners combined as one AA for analysis and presentation. Refer to Appendix A for a list of counties reviewed within each AA.

HNB did not have any branches in Wisconsin prior to its merger with FirstMerit in August 2016. HNB sold all Wisconsin branches and exited Wisconsin in June 2019.

Based on June 30, 2018, FDIC summary of deposit information, HNB had $950.4 million of deposits in Wisconsin, which represented 1.1 percent of the bank's overall deposits. The bank originated and purchased $269.6 million in loans or 1.0 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in Wisconsin were home mortgage loans and small loans to businesses.

HNB operated 31 branches, representing 3.2 percent of the bank's branches, and 31 ATMs. HNB ranked 18th out of 137 depository institutions with a 0.9 percent deposit market share. The top three depository institutions in terms of deposit market share were U.S. Bank, N.A. with a 23.9 percent market share,

[9] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

BMO Harris Bank, N.A. with a 14.3 percent market share, and Associated Bank, N.A. with an 11.9 percent market share.

Wisconsin Non-MSA

Table A – Demographic Information of the Assessment Area Assessment Area: Wisconsin Non-MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	168	0.0	8.9	73.2	15.5	2.4
Population by Geography	649,053	0.0	8.5	73.9	17.0	0.6
Housing Units by Geography	365,816	0.0	10.3	75.6	13.7	0.3
Owner-Occupied Units by Geography	198,260	0.0	8.0	73.9	18.1	0.0
Occupied Rental Units by Geography	69,466	0.0	12.9	74.7	11.1	1.4
Vacant Units by Geography	98,090	0.0	13.2	79.8	6.9	0.2
Businesses by Geography	36,583	0.0	9.7	75.4	14.7	0.2
Farms by Geography	3,195	0.0	2.8	79.1	18.1	0.0
Family Distribution by Income Level	174,412	16.7	19.1	22.8	41.4	0.0
Household Distribution by Income Level	267,726	21.6	16.9	18.8	42.8	0.0
Median Family Income Non-MSAs - WI		$60,911	Median Housing Value			$162,286
			Median Gross Rent			$702
			Families Below Poverty Level			7.3%
Source: 2015 ACS and 2019 D&B Data *Due to rounding, totals may not equal 100.0%* *(*) The NA category consists of geographies that have not been assigned an income classification.*						

The Wisconsin Non-MSA AA consisted of 14 non-metropolitan counties dispersed throughout the state. According to the FDIC's Summary of Deposits as of June 30, 2018, HNB's deposits in the AA comprised 0.4 percent of the bank's total deposits.

Within the Wisconsin Non-MSA AA, the bank had $367.6 million in deposits and ranked eighth among 71 depository institutions in the AA with a 3.1 percent market share. The top three depository institutions in terms of deposit market share were BMO Harris Bank, N.A. with an 11.9 percent market share, Associated Bank, N.A. with a 9.5 percent market share, and Investors Community Bank with an 8.8 percent market share. HNB operated 14 branches and 13 ATMs in the AA.

The Moody's Analytics reports used to compose the Economic Data in other sections of this periodic evaluation do not cover any of the counties or cities within the Wisconsin Non–MSA AA. The information presented below originated from the following sources: Wisconsin Realtor's Association (WRA); Zillow.com; Realtor.com; the U.S. BLS; and Wikipedia.

The 14 Wisconsin Non-MSA counties represented a diverse set of economic scenarios. Some counties hold smaller populations because much of their area is comprised of lakes and the main employment is tourism and lake sports (Door, Lincoln, Vilas, and Oneida Counties). Other counties are farming communities, (Polk, Walworth, and Lafayette). Waushara County claims the title of the 'Christmas Tree

Capital of the World.' These counties comprised more of the seasonal increases in unemployment, although none represented more than 4.1 percent at December 31, 2018. Other counties were manufacturing and production hubs including ethanol and bio-blend fuel plants, chemicals plants, logging, a paper mill, metal and plastics fabrication, a power systems plant, building ships, yachts and helicopters, car, airplane and emergency vehicle parts plants and a foundry that employs 1,500 people (Portage, Lafayette, Langlade, Walworth, Manitowoc, Jefferson, Waupaca, and Marinette). Food and beverage plants also were present in some of the counties, including breweries, food and beverages plants, and a cat food plant (Jefferson, Lafayette, and Waupaca).

Home prices in Wisconsin statewide, according to Zillow, increased an average of 5.6 percent in 2017 and another 5.3 percent in 2018 to $180,000. Median prices in the counties varied between $85,000 (Marinette) and $222,000 (Waushara) in the two-year review period. However, median housing prices increased an average of 23.2 percent in seven of the 14 counties between December 2017 and December 2018. The other seven counties experienced primarily unexplained decreases of an average 9.5 percent in the median home price. Two of those counties (Manitowoc and Waupaca) also underwent modest decreases in population between 2017 and 2018. Lafayette County also experienced a decrease in population but realized an increase of the median home price of less than 1.0 percent.

Based on information in the above table, low-income families earned less than $30,456 and moderate-income families earned less than $48,729. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of $761 for low-income borrowers and $1,218 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be $871. Low-income borrowers would be challenged to afford a mortgage loan in the Wisconsin Non-MSA AA.

According to the U.S. BLS, unemployment reached and held an average low of 3.0 percent in the state of Wisconsin for all of 2018, a decrease from an average 3.3 percent in 2017. Within the 14 counties comprising HNB's Wisconsin Non-MSA AA, the unemployment rates during the 2017-2018 review period ranged from 6.6 percent in Door County, Wisconsin in January 2017, to 1.9 percent in Lafayette County in December 2017. Several of the 14 counties reached their lowest points of unemployment in the latter half of 2018. The tourism economy affects many of these counties and strongly boosts employment in the summer months when tourists visit the lakes. The lowest average unemployment rate of 3.1 percent for the 14 counties, occurred in July 2018.

Information provided by five community contacts, three affordable housing organizations and two community development organizations, identified the following needs within this AA:

- Affordable housing, including quality affordable rental housing.
- Small dollar loans.
- Lines of credit for small business cash flow.
- Credit counseling, financial literacy, and first-time homebuyer programs.

Scope of Evaluation in Wisconsin

Examiners selected the combined Wisconsin Non-MSA counties for a full-scope review. This area accounted for the largest portion of the state's lending, 30.6 percent, and the second largest portion of deposits, 38.9 percent. The Appleton MSA, Duluth MSA, Green Bay MSA, Madison MSA, Milwaukee MSA, and Oshkosh MSA AAs received limited-scope reviews.

Examiners based the ratings on the results of the area that received a full-scope review and the bank's performance in the limited-scope areas, as applicable. The Green Bay MSA and Wisconsin Non-MSA AAs were the most heavily weighted when arriving at the overall conclusion for the state of Wisconsin.

Examiners placed more emphasis on the loan product that had the higher percentage of lending within the AA. In the Wisconsin Non-MSA, Madison MSA, Milwaukee MSA, and Oshkosh MSA AAs, HMDA loans represented the majority of HNB's lending. In the Appleton MSA and Green Bay MSA AAs, small loans to businesses represented the majority of HNB's lending. In the Duluth MSA AA, HMDA and small loans to businesses were weighted equally. There were no low-income geographies within the Wisconsin Non-MSA, Appleton MSA, or Oshkosh MSA AAs; therefore, geographic distribution conclusions are based on performance in moderate-income geographies in those AAs. HNB did not originate enough small loans to farms in any of the AAs to conduct any meaningful analyses.

Examiners did not analyze 2016 or 2019 data for Wisconsin as insufficient data existed to conduct a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

The bank's performance under the Lending Test in Wisconsin is rated Outstanding

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Wisconsin Non-MSA AA was excellent.

Lending Activity

Lending levels reflected good responsiveness to AA credit needs.

Number of Loans 2017 - 2018*							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Wisconsin Non-MSA	421	274	13	2	710	35.3	38.7
Limited-Scope:							
Appleton MSA	99	104	2	0	205	10.2	6.9
Duluth MSA	15	15	0	0	30	1.5	1.6
Green Bay MSA	200	241	12	3	456	22.7	44.3
Madison MSA	101	85	5	1	192	9.6	1.5
Milwaukee MSA	195	113	0	2	310	15.4	2.3
Oshkosh MSA	56	44	7	0	107	5.3	4.8
Total	**1,087**	**876**	**39**	**8**	**2,010**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans 2017 - 2018* (000)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Total**	**% State Loans**	**% State Deposits**
Full-Scope:							
Wisconsin Non-MSA	$58,890	$20,918	$453	$2,334	$82,595	30.6	38.7
Limited-Scope:							
Appleton MSA	$15,791	$10,184	$77	$0	$26,052	9.7	6.9
Duluth MSA	$1,503	$407	$0	$0	$1,910	0.7	1.6
Green Bay MSA	$22,419	$20,515	$1,282	$2,789	$47,005	17.4	44.3
Madison MSA	$25,850	$7,929	$579	$1,965	$36,323	13.5	1.5
Milwaukee MSA	$41,650	$14,606	$0	$6,588	$62,844	23.3	2.3
Oshkosh MSA	$8,286	$3,599	$965	$0	$12,850	4.8	4.8
Total	**$174,389**	**$78,158**	**$3,356**	**$13,676**	**$269,579**	**100.0**	**100.0**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

HNB ranked eighth in deposits out of 71 depository institutions (top 12 percent), with a 3.1 percent market share in the AA. In overall HMDA lending, HNB ranked 18th out of 553 lenders (top 4 percent) with a 1.4 percent market share. The three top lenders in terms of market share were Associated Bank, N.A. with a 5.5 percent market share, Covantage Credit Union with a 4.6 percent market share, and BMO Harris Bank, N.A. with a 3.8 percent market share.

For small loans to businesses, HNB ranked 16th out of 99 lenders (top 17 percent) with a market share of 1.4 percent. The top three lenders in terms of market share were U.S. Bank, N.A. with a 19.1 percent market share, Chase Bank USA, NA. with a 13.4 percent market share, and American Express National Bank with a 10.1 percent market share. All three of these lenders issue significant numbers of small business credit cards as a primary business.

Distribution of Loans by Income Level of the Geography

The bank exhibited a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans was excellent.

- For 2017 – 2018, the proportion of home mortgage loans in moderate-income geographies approximated the proportion of OOUs and equaled the aggregate distribution of loans in those geographies.

Small Loans to Businesses

Refer to Table Q in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses was adequate.

- For 2017 – 2018, the proportion of small business loans in moderate-income geographies was below the proportion of small businesses located in those geographies but near-to the aggregate distribution of loans to small business in those geographies.

Lending Gap Analysis

The OCC analyzed HNB's geographic lending patterns of home mortgage loans, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans among individuals of different income levels was excellent.

- For 2017 – 2018, the proportion of home mortgage loans originated or purchased to low-income borrowers was below the percentage of those families in the AA but exceeded the aggregate distribution of all reporting lenders in the AA.
- For 2017 – 2018, the proportion of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of those families in the AA and the aggregate distribution of all reporting lenders in the AA.

Small Loans to Businesses

Refer to Table R in the Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was good.

- For 2017 – 2018, the percentage of small loans to businesses with revenues of $1 million or less was near-to the percentage of small businesses in the AA but exceeded the aggregate distribution of all reporting lenders.

Community Development Lending

The institution was a leader in making CD loans. CD lending had a positive impact on the Lending Test conclusion.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Wisconsin Non-MSA AA was excellent considering the shortened evaluation period. HNB made two CD Loans for a total of $2.3 million, which represented 5.1 percent of tier 1 capital allocated to the AA. HNB originated a Small Business Administration loan totaling $1.3 million to finance a small business allowing it to retain 10 jobs in the AA. HNB originated a $1 million affordable housing loan to a nonprofit that offers residential and vocational programs to LMI individuals with developmental disabilities to support community inclusion, independence, and empowerment.

Product Innovation and Flexibility

The institution used innovative and/or flexible lending practices in order to serve AA credit needs.

Under the bank's *Community Access Mortgage* program, the bank funded one first-time homebuyer mortgage loan totaling $43,000. Under the *HomeTown Mortgage* loan program, the bank funded one first-time homebuyer mortgage loan totaling $103,000. The bank also made six unsecured home improvement loans totaling $16,000 and 26 loans under the *Debt Manager* program totaling $383,000.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Duluth MSA, Green Bay MSA, Madison MSA, and Milwaukee MSA AAs was consistent with the bank's overall performance under the Lending Test in the full-scope area. The bank's performance in the Appleton MSA and Oshkosh MSA AAs was weaker than the bank's overall performance under the Lending test in the full-scope area due to lower levels of CD lending. Performance in the limited-scope AAs did not affect the bank's overall Lending Test rating for the state of Wisconsin.

Refer to Tables O through T in the state of Wisconsin sections of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Wisconsin is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review. the bank's performance in the Wisconsin Non-MSA AA was good.

Qualified Investments*										
Assessment Area	**Prior Period****		**Current Period**		**Total**				**Unfunded Commitments*****	
	#	**$(000's)**	**#**	**$(000's)**	**#**	**% of Total #**	**$(000's)**	**% of Total $**	**#**	**$(000's)**
Full-Scope:										
Wisconsin Non-MSA	2	3	28	1,743	30	25.9	1,746	25.5	0	0
Limited-Scope										
Appleton MSA	0	0	2	5	2	1.7	5	0.1	0	0
Duluth MSA	0	0	0	0	0	0.0	0	0.0	0	0
Green Bay MSA	1	16	22	2,246	23	19.8	2,262	33.0	0	0
Madison MSA	2	74	9	511	11	9.5	585	8.5	1	20
Milwaukee MSA	5	370	40	339	45	38.8	709	10.4	1	206
Oshkosh MSA	1	40	4	1,504	5	4.3	1,544	22.5	0	0
Total	**11**	**503**	**105**	**6,348**	**116**	**100.0**	**6,851**	**100.0**	**2**	**226**

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
** Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
*** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 3.7 percent of tier 1 capital allocated to the AA.

The institution exhibited good responsiveness to credit and community economic development needs. The institution occasionally used innovative and/or complex investments to support CD initiatives. The bank had two LIHTC project investments for $1.6 million. The bank's grants and donations, totaling $17,100 were to community service organizations that provided services to LMI individuals, primarily affordable housing and foodbanks.

Examples of CD investments made in the AA:

- HNB invested $1.5 million in an LIHTC-eligible affordable housing project with two properties located in the AA, one with 28 units and the other with 20 units, for individuals making less than 60 percent of the AMI.
- HPC made a $135,000 lease purchase investment in an essential use vehicle for a small city in the AA, located in a distressed and underserved tract.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Green Bay MSA, Madison MSA, Milwaukee MSA, and Oshkosh MSA AAs was stronger than the bank's overall performance under the Investment Test in the full-scope area due to higher levels of qualified investments. The bank's performance under the Investment Test in the Appleton MSA and Duluth MSA AAs was weaker than the bank's overall performance under the Investment test in the full-scope area due to minimal levels of qualified investments. The institution's performance under the Investment Test in the combined limited-scope areas had a neutral impact on the overall Investment Test rating for the state of Wisconsin.

SERVICE TEST

The bank's performance under the Service Test in Wisconsin is rated High Satisfactory. The weaker combined Service Test performance in the limited-scope AAs negatively affected the bank's overall Service Test rating for the state of Wisconsin.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Wisconsin Non-MSA AA was excellent.

Retail Banking Services

Distribution of Branch Delivery System*											
	Deposits	Branches						Population			
Assessment Area	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)**				% of Population within Each Geography**			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:											
Wisconsin Non-MSA	38.7	14	43.8	0.00	14.3	71.4	14.3	0.0	8.5	73.9	17.0
Limited-Scope:											
Appleton MSA	6.9	2	6.3	0.0	50.0	50.0	0.0	0.0	13.7	76.5	9.8
Duluth MSA	1.6	1	3.1	100.0	0.0	0.0	0.0	11.9	14.5	57.1	16.5
Green Bay MSA	44.3	9	28.1	0.0	22.2	77.8	0.0	1.9	24.1	50.5	23.2
Madison MSA	1.5	2	6.3	0.0	50.0	0.0	50.0	3.9	15.1	50.8	26.9
Milwaukee MSA	2.3	2	6.3	0.0	0.0	50.0	50.0	19.4	17.3	29.7	33.6
Oshkosh MSA	4.8	2	6.3	0.00	0.00	50.0	50.0	0.0	15.4	62.3	22.3

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.
*** May not add up to 100.0 percent due to geographies with unknown geography income level and rounding.*

Service delivery systems were readily accessible to geographies and individuals of different income levels in the institution's AA. The bank's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

HNB had several alternative delivery systems including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. HNB had 13 ATMs in the AA.

Distribution of Branch Openings/Closings*						
Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**			
			Low	**Mod**	**Mid**	**Upp**
Full-Scope:						
Wisconsin Non-MSA	0	4	0	0	-3	-1
Limited-Scope						
Appleton MSA	0	1	0	0	-1	0
Duluth MSA	0	0	0	0	0	0
Green Bay MSA	0	0	0	0	0	0
Madison MSA	0	0	0	0	0	0
Milwaukee MSA	0	0	0	0	0	0
Oshkosh MSA	0	1	0	0	-1	0

* The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

To the extent changes had been made, the institution's opening and closing of branches had not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed four branches, none of which were in a moderate-income geography. The bank did not open any branches.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced its AAs, particularly low- and moderate-income geographies and/or individuals. HNB maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Branches were open Monday through Thursday from 9:00 am to 5:00 pm and Friday from 9:00 am to 6:00 pm.

Community Development Services

The institution provided a significant level of CD services.

Employees provided financial or job-specific expertise and/or technical assistance for 125 CD service activities to 24 organizations, aggregating 619.5 qualified hours within this AA. The majority of the bank's assistance of 434 hours was to organizations that provide community services to LMI individuals and families, including financial literacy and first-time homebuyer education. Nine bank employees spent 92 hours serving on the boards of directors or committees of seven community development organizations.

The following are examples of CD services provided in this AA:

- Nineteen bank employees taught financial literacy classes to students in several junior-high and high schools, using a financial literacy game created by HNB staff. The schools' students were 52 to 75 percent eligible for free or reduced fee lunches.
- One HNB employee served on the board of directors for an organization that provided medical and dental services to low-income individuals.
- One bank employee served on the board of directors for a small city's housing authority, whose mission was to provide, develop, and administer safe, quality affordable housing opportunities for the elderly, handicapped, and low-income families, promoting independence and self-sufficiency.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Appleton MSA AA was consistent with the bank's overall performance under the Service Test in the full-scope area. The bank's performance under the Service Test in the Duluth MSA, Green Bay MSA, Madison MSA, Milwaukee MSA, and Oshkosh MSA AAs was weaker than the bank's overall performance under the Service Test in the full-scope area due to poorer branch distributions in low- and moderate-income geographies. Performance in the limited-scope AAs negatively affected the overall Service Test rating for the state of Wisconsin.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term "full-scope," and those that received a less comprehensive review, designated by the term "limited-scope".

Time Period Reviewed:	1/1/2016 to 12/31/2019	
Bank Products Reviewed:	Home mortgage loans, small business loans, small farm loans, community development loans, qualified investments, community development services	
Affiliate(s)	**Affiliate Relationship**	**Products Reviewed**
Huntington CDC	Affiliate	Qualified Investments and CD Loans
Huntington Foundation	Affiliate	Donations
Huntington Akron Foundation	Affiliate	Donations
Huntington Public Capital	Affiliate	Qualified Investments and CD Loans
Huntington Mezzanine	Affiliate	Qualified Investments and CD Loans (SBICs)

List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	**Type of Exam**	**Other Information**
MMSA(s)		
Cincinnati MMSA	Full-Scope	Ohio: Butler, Clermont, Hamilton, and Warren Counties Kentucky: Boone, Campbell, and Kenton Counties
Weirton MMSA	Full-Scope	West Virginia: Hancock County Ohio: Jefferson County
Wheeling MMSA	Full-Scope	West Virginia: Ohio County (1/1/2016 to 9/29/2017) Ohio: Belmont County
Youngstown MMSA	Full-Scope	Ohio: Mahoning and Trumbull Counties Pennsylvania: Mercer County
Florida		
Naples MSA	Full-Scope	Collier County
Illinois		
Chicago MSA	Full-Scope	Cook, DuPage, Kane, Lake (Illinois), McHenry, and Will Counties
Indiana		
Indianapolis MSA	Full-Scope	Boone, Hamilton, Hendricks, Johnson, Madison, and Marion Counties
Lafayette MSA	Limited-Scope	Tippecanoe County
Michigan		
Detroit MSA	Full-Scope	Lapeer, Livingston, Macomb, Oakland, Saint Clair, and Wayne Counties
Ann Arbor MSA	Limited-Scope	Washtenaw County
Battle Creek MSA	Limited-Scope	Calhoun County
Bay City MSA	Limited-Scope	Bay County
Benton Harbor MSA	Limited-Scope	Berrien County
Flint MSA	Limited-Scope	Genesee County
Grand Rapids MSA	Limited-Scope	Ionia, Kent, Montcalm, and Ottawa Counties
Jackson MSA	Limited-Scope	Jackson County
Kalamazoo MSA	Limited-Scope	Kalamazoo and Van Buren Counties
Lansing MSA	Limited-Scope	Clinton, Eaton, and Ingham Counties
Midland MSA	Limited-Scope	Midland County

List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	**Type of Exam**	**Other Information**
Monroe MSA	Limited-Scope	Monroe County
Muskegon MSA	Limited-Scope	Muskegon County
Saginaw MSA	Limited-Scope	Saginaw County
South Bend MSA	Limited-Scope	Cass County
Michigan Combined Non-Metro	Limited-Scope	Allegan, Alpena, Antrim, Arenac, Branch, Charlevoix, Chippewa, Crawford, Delta, Dickinson, Emmet, Gogebic, Grand Traverse, Gratiot, Houghton, Iron, Kalkaska, Leelanau, Lenawee, Manistee, Marquette, Mecosta, Newaygo, Oceana, Osceola, Oscoda, Otsego, Shiawassee. St. Joseph, Tuscola, and Wexford Counties
Ohio		
Akron MSA	Full-Scope	Portage and Summit Counties
Cleveland MSA	Full-Scope	Cuyahoga, Geauga, Lake, Lorain, and Medina Counties
Columbus MSA	Full-Scope	Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union Counties
Canton MSA	Limited-Scope	Carroll and Stark Counties
Dayton MSA	Limited-Scope	Greene, Miami, and Montgomery Counties
Lima MSA	Limited-Scope	Allen County
Mansfield MSA	Limited-Scope	Richland County
Springfield MSA	Limited-Scope	Clark County
Toledo MSA	Limited-Scope	Fulton, Lucas, and Wood Counties
Ohio Combined Non-Metro	Limited-Scope	Ashland, Ashtabula, Columbiana, Crawford, Defiance, Erie, Fayette, Guernsey, Hancock, Hardin, Harrison, Henry, Huron, Knox, Logan, Marion, Muskingum, Ottawa, Putnam, Ross, Sandusky, Seneca, Tuscarawas, Washington, Wayne, Williams, and Wyandot Counties
Pennsylvania		
Pittsburgh MSA	Full-Scope	Alleghany, Beaver, Butler, Washington, and Westmoreland Counties
Erie MSA	Limited-Scope	Erie County
Pennsylvania Combined Non-Metro	Limited-Scope	Lawrence County
West Virginia		
Morgantown MSA	Full-Scope	Monongalia County
Charleston MSA	Limited-Scope	Kanawha County
Huntington MSA	Limited-Scope	Cabell, Putnam, and Wayne Counties
Parkersburg MSA	Limited-Scope	Wood County
West Virginia Combined Non-Metro	Limited-Scope	Harrison, Lewis, Marion, Randolph, and Ritchie Counties
Wisconsin		
Wisconsin Combined Non-Metro	Full-Scope	Door, Jefferson, Lafayette, Langlade, Lincoln, Manitowoc, Marinette, Oneida, Polk, Portage, Vilas, Walworth, Waupaca, and Waushara Counties
Appleton MSA	Limited-Scope	Calumet and Outagamie Counties
Duluth MSA	Limited-Scope	Douglas County
Green Bay MSA	Limited-Scope	Brown, Kewaunee, and Oconto Counties
Madison MSA	Limited-Scope	Dane and Green Counties
Milwaukee MSA	Limited-Scope	Milwaukee and Waukesha Counties
Oshkosh MSA	Limited-Scope	Winnebago County

Appendix B: Summary of MMSA and State Ratings

RATINGS The Huntington National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
The Huntington National Bank	Outstanding	Outstanding	High Satisfactory	Outstanding
MMSA or State:				
Cincinnati MMSA	Outstanding	Outstanding	High Satisfactory	Outstanding
Weirton MMSA	Outstanding	Outstanding	High Satisfactory	Outstanding
Wheeling MMSA	Outstanding	Outstanding	Outstanding	Outstanding
Youngstown MMSA	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Florida	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Illinois	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Indiana	Outstanding	Outstanding	High Satisfactory	Outstanding
Michigan	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Ohio	Outstanding	Outstanding	High Satisfactory	Outstanding
Pennsylvania	Outstanding	Outstanding	High Satisfactory	Outstanding
West Virginia	Outstanding	Low Satisfactory	Outstanding	Outstanding
Wisconsin	Outstanding	High Satisfactory	High Satisfactory	Outstanding

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line-of-credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) "aggregate" is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. **Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. **Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table Q. **Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to $1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's assessment area.

Table R. **Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to $1 million) originated and purchased by the bank to businesses with revenues of $1 million or less to: 1) the percentage distribution of businesses with revenues of greater than $1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table S. **Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to $500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table T. **Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to $500,000) originated and purchased by the bank to farms with revenues of $1 million or less to: 1) the percentage distribution of farms with revenues of greater than $1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Table U. **Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.

Table V. **Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography **2017 – 2019**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Cincinnati MMSA	10,953	1,992,119	100.0	70,371	4.2	3.3	3.4	14.3	11.5	13.6	42.3	40.8	43.3	39.2	44.2	39.6	0.1	0.1	0.1
Weirton MMSA	798	61,280	100.0	1,976	1.7	1.4	0.8	8.4	6.5	6.8	77.9	79.3	79.0	12.0	12.8	13.4	0.0	0.0	0.0
Wheeling MMSA	504	56,519	100.0	2,243	0.0	0.0	0.0	15.1	15.5	12.4	64.2	58.5	62.9	20.7	26.0	24.7	0.0	0.0	0.0
Youngstown MMSA	5,077	483,476	100.0	14,047	5.1	2.2	1.3	12.5	11.0	8.0	53.0	53.3	56.3	29.3	33.5	34.3	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2017 – 2019**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Full-Scope:																			
Cincinnati MMSA	10,953	1,992,119	100.0	70,371	21.9	9.0	9.8	16.4	20.8	19.8	19.8	22.9	20.6	42.0	46.9	36.2	0.0	0.5	13.6
Weirton MMSA	798	61,280	633.3	1,976	19.4	10.7	10.4	19.4	24.4	22.2	21.4	28.3	25.4	39.8	36.5	31.3	0.0	0.1	10.7
Wheeling MMSA	504	56,519	475.5	2,243	18.8	10.7	9.5	19.3	22.0	20.8	20.5	25.8	22.5	41.4	41.3	35.0	0.0	0.2	12.2
Youngstown MMSA	5,077	483,476	100.0	14,047	20.5	13.9	9.5	18.4	25.6	21.5	20.6	26.4	24.7	40.5	33.6	32.3	0.0	0.5	12.1

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2017 – 2019

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Cincinnati MMSA	3,691	420,366	100.0	36,123	7.0	9.2	7.2	17.7	19.6	19.0	35.7	32.0	33.8	38.6	38.6	39.1	1.0	0.7	0.8
Weirton MMSA	180	11,625	100.0	1,073	1.4	1.1	0.8	15.0	10.0	15.7	69.9	70.0	73.3	13.7	18.9	10.3	0.0	0.0	0.0
Wheeling MMSA	131	4,585	100.0	1,405	0.0	0.0	0.0	24.6	20.6	28.6	54.3	57.3	51.9	21.1	22.1	19.5	0.0	0.0	0.0
Youngstown MMSA	1,708	133,747	100.0	8,108	7.7	7.8	7.3	12.3	12.4	11.1	44.6	46.7	43.4	35.3	33.1	38.2	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2017 – 2019

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Cincinnati MMSA	3,691	420,366	100.0	36,123	82.4	59.7	48.0	6.2	39.3	11.5	1.0
Weirton MMSA	180	11,625	100.0	1,073	79.9	77.2	39.9	5.3	21.7	14.8	1.1
Wheeling MMSA	131	4,585	100.0	1,405	78.2	67.9	35.3	6.6	30.5	15.2	1.5
Youngstown MMSA	1,708	133,747	100.0	8,108	80.8	70.3	44.5	6.4	29.2	12.9	0.5

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2017 – 2019
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Full-Scope:																			
Cincinnati MMSA	51	3,982	100.0	227	3.6	0.0	0.4	12.8	15.7	5.7	48.6	41.2	62.1	34.9	43.1	31.7	0.2	0.0	0.0
Weirton MMSA	2	65	100.0	21	0.6	0.0	0.0	5.8	0.0	0.0	83.8	100.0	95.2	9.7	100.0	4.8	0.0	0.0	0.0
Wheeling MMSA	0	0	100.0	23	0.0	0.0	0.0	9.9	0.0	4.3	70.7	0.0	82.6	19.4	0.0	13.0	0.0	0.0	0.0
Youngstown MMSA	33	1,636	100.0	172	2.0	0.0	0.0	6.4	0.0	2.3	55.9	45.5	58.7	35.7	54.5	39.0	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017 – 2019
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Cincinnati MMSA	51	3,982	100.0	227	96.2	74.5	58.6	1.8	25.5	2.0	0.0
Weirton MMSA	2	65	100.0	21	98.1	100.0	61.9	0.6	0.0	1.3	0.0
Wheeling MMSA	0	0	100.0	23	97.3	0.0	39.1	1.4	0.0	1.4	0.0
Youngstown MMSA	33	1,636	100.0	172	97.2	78.8	54.1	1.5	21.2	1.3	0.0

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Naples MSA	164	87,691	100.0	14,305	2.3	0.6	1.2	16.3	10.4	16.2	41.3	30.5	42.1	40.1	58.5	40.5	0.0	0.0	0.0
Total	**164**	**87,691**	**100.0**	**14,305**	**2.3**	**0.6**	**1.2**	**16.3**	**10.4**	**16.2**	**41.3**	**30.5**	**42.1**	**40.1**	**58.5**	**40.5**	**0.0**	**0.0**	**0.0**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Full-Scope:																			
Naples MSA	164	87,691	100.0	14,305	20.8	1.2	3.5	17.7	1.8	12.5	19.3	3.7	18.2	42.2	84.1	50.5	0.0	9.1	15.3
Total	**164**	**87,691**	**100.0**	**14,305**	**20.8**	**1.2**	**3.5**	**17.7**	**1.8**	**12.5**	**19.3**	**3.7**	**18.2**	**42.2**	**84.1**	**50.5**	**0.0**	**9.1**	**15.3**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017 – 2019**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Naples MSA	57	13,327	100.0	12,624	2.7	0.0	2.6	13.5	14.0	10.9	39.0	43.9	39.8	44.8	42.1	46.8	0.0	0.0	0.0
Total	**57**	**13,327**	**100.0**	**12,624**	**2.7**	**0.0**	**2.6**	**13.5**	**14.0**	**10.9**	**39.0**	**43.9**	**39.8**	**44.8**	**42.1**	**46.8**	**0.0**	**0.0**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017 – 2019**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Naples MSA	57	13,327	100.0	12,624	91.8	66.7	45.9	3.1	33.3	5.2	0.0
Total	**57**	**13,327**	**100.0**	**12,624**	**91.8**	**66.7**	**45.9**	**3.1**	**33.3**	**5.2**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			**2017 – 2019**
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle- Income Tracts**			**Upper- Income Tracts**			**Not Available- Income Tracts**		
	#	**$**	**% of Total**	**Overall Market**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**
Full-Scope:																			
Chicago MSA	9,549	2,701,230	100.0	235,543	4.5	3.6	3.8	18.0	13.3	15.8	34.4	25.6	34.0	43.0	57.3	46.3	0.1	0.2	0.1
Total	**9,549**	**2,701,230**	**100.0**	**235,543**	**4.5**	**3.6**	**3.8**	**18.0**	**13.3**	**15.8**	**34.4**	**25.6**	**34.0**	**43.0**	**57.3**	**46.3**	**0.1**	**0.2**	**0.1**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			**2017 – 2019**
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Borrowers**			**Moderate-Income Borrowers**			**Middle-Income Borrowers**			**Upper-Income Borrowers**			**Not Available-Income Borrowers**		
	#	**$**	**% of Total**	**Overall Market**	**% Families**	**% Bank Loans**	**Aggregate**	**% Families**	**% Bank Loans**	**Aggregate**	**% Families**	**% Bank Loans**	**Aggregate**	**% Families**	**% Bank Loans**	**Aggregate**	**% Families**	**% Bank Loans**	**Aggregate**
Full-Scope:																			
Chicago MSA	9,549	2,701,230	100.0	235,543	23.5	4.2	7.1	16.3	12.1	17.3	18.5	17.9	20.7	41.7	64.8	38.4	0.0	1.0	16.6
Total	**9,549**	**2,701,230**	**100.0**	**235,543**	**23.5**	**4.2**	**7.1**	**16.3**	**12.1**	**17.3**	**18.5**	**17.9**	**20.7**	**41.7**	**64.8**	**38.4**	**0.0**	**1.0**	**16.6**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017 – 2019**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Chicago MSA	2,671	358,051	100.0	213,167	4.9	3.0	3.9	15.4	14.9	16.1	29.0	38.1	31.1	50.2	43.7	48.6	0.5	0.4	0.3
Total	**2,671**	**358,051**	**100.0**	**213,167**	**4.9**	**3.0**	**3.9**	**15.4**	**14.9**	**16.1**	**29.0**	**38.1**	**31.1**	**50.2**	**43.7**	**48.6**	**0.5**	**0.4**	**0.3**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017 – 2019**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Chicago MSA	2,671	358,051	100.0	213,167	83.8	61.7	43.0	6.7	36.8	9.5	1.5
Total	**2,671**	**358,051**	**100.0**	**213,167**	**83.8**	**61.7**	**43.0**	**6.7**	**36.8**	**9.5**	**1.5**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography 2017 – 2019

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Full-Scope:																			
Chicago MSA	22	2,914	100.0	504	3.4	0.0	1.0	15.2	0.0	7.1	37.8	63.6	46.8	43.5	36.4	45.0	0.1	0.0	0.0
Total	**22**	**2,914**	**100.0**	**504**	**3.4**	**0.0**	**1.0**	**15.2**	**0.0**	**7.1**	**37.8**	**63.6**	**46.8**	**43.5**	**36.4**	**45.0**	**0.1**	**0.0**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues 2017 – 2019

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Chicago MSA	22	2,914	100.0	504	93.3	68.2	49.8	4.1	31.8	2.6	0.0
Total	**22**	**2,914**	**100.0**	**504**	**93.3**	**68.2**	**49.8**	**4.1**	**31.8**	**2.6**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017 – 2019

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Indianapolis MSA	7,326	1,052,526	92.1	51,150	8.7	7.0	5.9	22.7	23.7	20.0	40.2	35.6	40.7	28.4	33.7	33.3	0.1	0.0	0.0
Limited-Scope:																			
Lafayette MSA	628	79,000	7.9	5,715	1.1	0.5	1.3	16.2	20.2	16.5	35.3	38.2	33.4	47.3	41.1	48.4	0.1	0.0	0.3
Total	**7,954**	**1,131,526**	**100.0**	**56,865**	**8.0**	**6.5**	**5.5**	**22.1**	**23.4**	**19.6**	**39.7**	**35.8**	**40.0**	**30.2**	**34.3**	**34.8**	**0.1**	**0.0**	**0.1**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017 – 2019

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Full-Scope:																			
Indianapolis MSA	7,326	1,052,526	92.1	51,150	25.6	16.7	12.3	18.7	26.3	22.6	19.9	22.4	20.4	35.9	33.7	28.7	0.0	0.9	16.0
Limited-Scope:																			
Lafayette MSA	628	79,000	7.9	5,715	20.5	15.1	9.7	15.7	28.7	21.7	23.0	24.4	21.1	40.8	31.8	32.2	0.0	0.0	15.4
Total	**7,954**	**1,131,526**	**100.0**	**56,865**	**25.1**	**16.6**	**12.0**	**18.4**	**26.5**	**22.5**	**20.2**	**22.5**	**20.5**	**36.3**	**33.6**	**29.1**	**0.0**	**0.9**	**16.0**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2017 – 2019																				
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts			
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Full-Scope:																				
Indianapolis MSA	2,005	176,246	93.6	23,071	12.8	9.7	11.1	24.6	19.6	22.0	36.1	40.4	36.9	26.3	29.8	29.8	0.2	0.4	0.3	
Limited-Scope:																				
Lafayette MSA	137	7,965	6.4	1,995	4.7	1.5	5.0	30.2	33.6	32.8	26.3	33.6	26.3	34.6	28.5	33.8	4.2	2.9	2.1	
Total	**2,142**	**184,211**	**100.0**	**25,066**	**12.2**	**9.2**	**10.6**	**25.1**	**20.5**	**22.8**	**35.3**	**40.0**	**36.0**	**27.0**	**29.7**	**30.2**	**0.5**	**0.6**	**0.4**	

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2017 – 2019											
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Indianapolis MSA	2,005	176,246	93.6	23,071	84.0	65.6	41.1	5.4	33.0	10.6	1.4
Limited-Scope:											
Lafayette MSA	137	7,965	6.4	1,995	82.3	73.0	43.7	4.8	25.5	12.9	1.5
Total	**2,142**	**184,211**	**100.0**	**25,066**	**83.9**	**66.1**	**41.3**	**5.4**	**32.5**	**10.7**	**1.4**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2017 – 2019
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Full-Scope:																			
Indianapolis MSA	20	1,685	95.2	286	6.9	5.0	0.7	15.9	0.0	4.5	50.3	75.0	74.1	26.8	20.0	20.6	0.2	0.0	0.0
Limited-Scope:																			
Lafayette MSA	1	20	4.8	89	1.3	0.0	0.0	10.7	0.0	4.5	37.3	100.0	51.7	50.7	0.0	43.8	0.0	0.0	0.0
Total	**21**	**1,705**	**100.0**	**375**	**6.1**	**4.8**	**0.5**	**15.1**	**0.0**	**4.5**	**48.5**	**76.2**	**68.8**	**30.2**	**19.0**	**26.1**	**0.2**	**0.0**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017 – 2019
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Indianapolis MSA	20	1,685	95.2	286	96.2	65.0	53.1	2.1	35.0	1.7	0.0
Limited-Scope:											
Lafayette MSA	1	20	4.8	89	96.2	100.0	37.1	1.7	0.0	2.1	0.0
Total	**21**	**1,705**	**100.0**	**375**	**96.2**	**66.7**	**49.3**	**2.0**	**33.3**	**1.7**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, “--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Detroit MSA	14,011	2,430,432	38.1	134,278	6.1	3.4	2.5	20.4	19.1	15.8	37.0	38.4	39.4	36.5	39.0	42.3	0.1	0.0	0.0
Limited-Scope:																			
Ann Arbor MSA	1,202	256,715	3.3	11,054	6.6	12.0	7.5	12.0	17.0	12.3	44.7	38.1	46.1	36.5	32.5	33.9	0.2	0.4	0.2
Battle Creek MSA	184	15,530	0.5	3,417	5.2	5.4	2.7	21.1	21.2	18.6	42.7	40.2	41.8	31.0	33.2	36.9	0.0	0.0	0.0
Bay City MSA	409	34,953	1.1	2,498	0.7	1.5	0.8	19.9	22.2	21.4	50.4	49.6	46.9	29.1	26.7	30.9	0.0	0.0	0.0
Flint MI MSA	1,386	146,292	3.8	11,057	8.5	2.7	1.5	14.9	8.7	5.1	38.5	39.3	40.3	38.1	49.3	53.0	0.0	0.0	0.0
Grand Rapids MSA 17-18	3,910	567,470	10.6	36,807	2.0	3.0	2.4	16.9	17.3	16.5	51.8	50.6	51.8	29.3	29.1	29.3	0.0	0.0	0.0
Grand Rapids MSA 19	2,622	384,234	7.1	38,650	1.7	1.8	2.3	16.9	13.7	16.2	52.7	51.9	52.8	28.6	32.6	28.7	0.0	0.0	0.0
Jackson MSA	882	94,137	2.4	4,820	5.7	6.5	3.8	15.6	18.3	15.2	53.7	47.7	53.5	25.0	27.6	27.4	0.0	0.0	0.0
Kalamazoo MSA	433	66,704	1.2	8,020	4.9	8.5	3.3	11.1	12.2	10.7	50.7	42.0	48.4	33.3	37.2	37.5	0.1	0.0	0.1
Lansing MSA	1,426	187,652	3.9	15,327	2.5	3.1	2.8	16.5	14.9	14.1	50.8	51.2	49.2	30.1	30.6	33.7	0.1	0.2	0.2
Midland MSA	190	28,512	0.5	2,397	1.7	1.1	1.5	17.5	12.6	15.6	44.7	50.5	43.0	36.1	35.8	39.8	0.0	0.0	0.0
Monroe MSA	1,224	142,622	3.3	5,260	0.5	0.0	0.2	10.2	8.4	9.6	74.9	76.7	75.0	14.3	14.9	15.2	0.0	0.0	0.0
Muskegon MSA	1,253	133,021	3.4	5,642	5.0	2.5	2.2	18.8	20.3	17.4	41.9	38.9	43.9	34.3	38.3	36.5	0.0	0.0	0.0
Niles MSA	231	42,190	0.6	4,747	5.7	0.9	1.6	13.7	25.5	13.0	49.5	57.1	52.4	31.1	16.5	32.9	0.0	0.0	0.0
Saginaw MSA	691	71,069	1.9	3,768	7.8	3.6	1.7	9.6	6.4	4.0	54.8	54.4	59.4	27.8	35.6	34.9	0.0	0.0	0.0
Michigan Non-MSA 17-18	4,155	542,528	11.3	57,603	0.0	0.0	0.0	8.9	9.4	7.1	69.3	61.9	66.5	21.8	28.7	26.4	0.0	0.0	0.0
Michigan Non-MSA 19	2,538	354,801	6.9	27,960	0.0	0.0	0.0	8.9	7.7	6.9	69.4	59.1	66.1	21.7	33.2	27.0	0.0	0.0	0.0
Total	**36,747**	**5,498,862**	**100.0**	**345,505**	**4.5**	**2.8**	**2.3**	**16.8**	**15.4**	**13.9**	**46.5**	**47.4**	**46.6**	**32.2**	**34.3**	**37.0**	**0.1**	**0.0**	**0.0**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Full-Scope:																			
Detroit MSA	14,011	2,430,432	38.1	134,278	22.9	11.4	9.5	16.7	20.5	19.6	18.9	23.1	22.6	41.4	43.8	36.8	0.0	1.3	11.5
Limited-Scope:																			
Ann Arbor MSA	1,202	256,715	3.3	11,054	22.7	13.3	9.0	17.0	22.1	20.2	19.6	20.5	22.6	40.7	43.9	37.6	0.0	0.2	10.5
Battle Creek MSA	184	15,530	0.5	3,417	21.7	13.6	7.5	17.8	25.5	19.2	19.6	25.5	23.1	40.9	34.8	37.5	0.0	0.5	12.6
Bay City MSA	409	34,953	1.1	2,498	19.5	17.8	12.1	18.1	24.5	22.9	22.2	24.2	24.3	40.2	32.8	28.6	0.0	0.7	12.2
Flint MI MSA	1,386	146,292	3.8	11,057	23.6	9.8	5.8	15.4	19.6	17.6	20.0	25.7	24.2	41.0	44.1	38.0	0.0	0.8	14.4
Grand Rapids MSA 17-18	3,910	567,470	10.6	36,807	19.7	10.5	9.2	18.0	23.6	22.5	22.3	24.6	23.4	39.9	40.2	34.3	0.0	1.2	10.6
Grand Rapids MSA 19	2,622	384,234	7.1	38,650	19.6	8.1	9.1	18.0	23.8	22.5	22.3	26.4	23.5	40.2	41.6	34.2	0.0	0.2	10.7
Jackson MSA	882	94,137	2.4	4,820	22.3	13.9	9.3	17.5	26.3	18.8	20.2	27.4	25.7	40.0	32.1	34.4	0.0	0.2	11.8
Kalamazoo MSA	433	66,704	1.2	8,020	20.5	9.9	11.2	16.6	16.9	20.4	20.0	24.2	21.4	42.9	47.6	36.5	0.0	1.4	10.4
Lansing MSA	1,426	187,652	3.9	15,327	21.0	15.5	10.4	17.3	27.1	23.5	20.7	23.3	23.6	41.0	33.2	31.3	0.0	1.0	11.3
Midland MSA	190	28,512	0.5	2,397	20.1	11.6	11.2	17.6	24.2	21.1	20.7	23.2	21.9	41.5	40.5	34.7	0.0	0.5	11.1
Monroe MSA	1,224	142,622	3.3	5,260	19.3	12.6	10.3	18.8	26.4	24.0	22.2	27.6	25.6	39.7	32.9	28.3	0.0	0.5	11.8
Muskegon MSA	1,253	133,021	3.4	5,642	21.7	10.8	10.1	17.0	25.5	23.3	20.6	24.6	23.1	40.7	38.5	28.3	0.0	0.6	15.2
Niles MSA	231	42,190	0.6	4,747	22.6	14.7	7.0	17.0	24.2	16.4	19.4	18.2	20.8	40.9	41.6	46.6	0.0	1.3	9.2
Saginaw MSA	691	71,069	1.9	3,768	21.2	13.0	7.5	17.1	22.6	20.7	20.7	24.5	24.2	41.0	39.4	36.6	0.0	0.6	11.0
Michigan Non-MSA 17-18	4,155	542,528	11.3	57,603	18.1	9.0	6.7	17.5	21.1	18.1	22.2	25.8	23.1	42.2	43.3	40.6	0.0	0.8	11.5
Michigan Non-MSA 19	2,538	354,801	6.9	27,960	18.1	7.3	6.7	17.5	18.6	17.8	22.2	26.4	22.9	42.2	47.6	41.2	0.0	0.1	11.4
Total	**36,747**	**5,498,862**	**100.0**	**373,305**	**21.6**	**10.8**	**9.1**	**17.0**	**21.9**	**20.1**	**20.1**	**24.4**	**22.9**	**41.2**	**42.0**	**36.4**	**0.0**	**0.9**	**11.5**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																					2017 – 2019
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts				
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Full-Scope:																					
Detroit MSA	6,459	808,882	46.5	89,279	7.8	7.7	6.9	21.2	21.6	19.9	31.1	32.8	30.8	39.3	37.0	41.8	0.6	0.9	0.5		
Limited-Scope																					
Ann Arbor MSA	309	36,350	2.2	7,475	8.9	8.4	7.3	9.2	7.8	10.2	42.7	49.5	45.0	32.0	31.1	31.8	7.2	3.2	5.7		
Battle Creek MSA	54	4,597	0.4	1,219	8.6	16.7	9.1	26.3	35.2	26.9	33.6	25.9	32.1	31.4	22.2	31.9	0.0	0.0	0.0		
Bay City MSA	106	4,909	0.8	1,132	1.6	1.9	1.2	28.6	26.4	26.1	43.3	50.0	41.9	26.6	21.7	30.8	0.0	0.0	0.0		
Flint MI MSA	589	91,384	4.2	4,891	10.0	9.2	7.2	13.2	14.6	9.7	43.3	49.4	43.0	33.1	26.8	39.9	0.4	0.0	0.2		
Grand Rapids MSA 17-18	1,855	206,273	13.4	17,611	3.4	3.8	3.5	17.4	13.6	15.8	47.9	55.1	48.3	31.3	27.5	32.4	0.0	0.0	0.0		
Grand Rapids MSA 19	821	98,057	5.9	18,098	3.1	4.8	3.4	17.6	16.6	15.6	48.3	50.2	49.0	31.0	28.5	32.0	0.0	0.0	0.0		
Jackson MSA	171	24,473	1.2	1,807	9.7	11.1	11.2	28.6	24.0	25.1	40.6	42.1	41.0	20.8	22.8	22.7	0.3	0.0	0.0		
Kalamazoo MSA	154	24,334	1.1	3,832	8.4	9.1	8.0	20.3	13.0	18.0	46.1	49.4	42.8	24.6	28.6	31.1	0.6	0.0	0.2		
Lansing MSA	596	64,659	4.3	6,789	6.9	8.1	9.7	20.1	15.1	15.9	40.5	38.6	38.1	29.9	36.2	34.7	2.6	2.0	1.5		
Midland MSA	42	6,791	0.3	1,138	6.3	2.4	8.3	21.3	16.7	18.1	31.2	16.7	35.5	41.2	64.3	38.1	0.0	0.0	0.0		
Monroe MSA	211	12,684	1.5	1,895	0.8	0.0	0.7	15.3	10.0	11.6	71.8	82.9	75.0	12.1	7.1	12.7	0.0	0.0	0.0		
Muskegon MSA	315	29,278	2.3	1,978	8.7	9.5	9.6	21.6	31.7	26.2	34.6	30.2	32.3	35.1	28.6	31.9	0.0	0.0	0.0		
Niles MSA	66	6,285	0.5	2,171	10.5	9.1	8.2	11.6	27.3	8.6	43.9	34.8	46.0	34.1	28.8	37.2	0.0	0.0	0.0		
Saginaw MSA	285	37,371	2.1	2,213	6.5	6.7	5.2	12.3	10.5	9.2	52.8	47.7	54.6	28.4	35.1	31.0	0.0	0.0	0.0		
Michigan Non-MSA 17-18	1,302	113,299	9.4	32,031	0.0	0.0	0.0	12.3	10.8	10.7	63.8	61.4	62.3	23.7	27.8	26.9	0.2	0.0	0.0		
Michigan Non-MSA 19	550	41,516	4.0	15,850	0.0	0.0	0.0	12.2	9.1	10.8	63.4	64.0	62.0	24.2	26.9	27.1	0.2	0.0	0.0		
Total	**13,885**	**1,611,142**	**100.0**	**209,409**	**6.4**	**6.0**	**6.0**	**18.7**	**17.7**	**17.4**	**40.1**	**43.4**	**38.9**	**34.0**	**32.3**	**37.1**	**0.8**	**0.6**	**0.6**		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017 – 2019
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Detroit MSA	6,459	808,882	46.5	89,279	84.1	63.8	46.3	6.6	35.4	9.3	0.8
Limited-Scope:											
Ann Arbor MSA	309	36,350	2.2	7,475	83.3	71.8	45.5	5.9	26.9	10.8	1.3
Battle Creek MSA	54	4,597	0.4	1,219	77.5	75.9	41.7	7.3	24.1	15.2	0.0
Bay City MSA	106	4,909	0.8	1,132	79.2	75.5	53.4	6.4	24.5	14.4	0.0
Flint MI MSA	589	91,384	4.2	4,891	82.8	57.7	43.5	5.7	42.3	11.6	0.0
Grand Rapids MSA 17-18	1,855	206,273	13.4	17,611	78.8	67.2	42.1	8.9	32.6	12.4	0.2
Grand Rapids MSA 19	821	98,057	5.9	18,098	80.7	62.6	42.2	7.8	36.4	11.5	1.0
Jackson MSA	171	24,473	1.2	1,807	79.9	59.6	43.3	7.5	38.6	12.6	1.8
Kalamazoo MSA	154	24,334	1.1	3,832	80.3	54.5	43.7	7.2	44.2	12.6	1.3
Lansing MSA	596	64,659	4.3	6,789	80.6	67.1	46.1	6.0	32.2	13.4	0.7
Midland MSA	42	6,791	0.3	1,138	80.7	66.7	49.7	6.3	33.3	13.0	0.0
Monroe MSA	211	12,684	1.5	1,895	82.8	78.7	51.9	5.8	21.3	11.3	0.0
Muskegon MSA	315	29,278	2.3	1,978	80.2	69.2	44.7	7.3	30.5	12.5	0.3
Niles MSA	66	6,285	0.5	2,171	81.1	65.2	42.5	6.3	33.3	12.6	1.5
Saginaw MSA	285	37,371	2.1	2,213	76.9	61.1	49.0	7.3	38.6	15.8	0.4
Michigan Non-MSA 17-18	1,302	113,299	9.4	32,031	79.4	70.8	47.2	6.5	28.8	14.1	0.4
Michigan Non-MSA 19	550	41,516	4.0	15,850	80.8	71.6	47.2	6.0	28.0	13.2	0.4
Total	**13,885**	**1,611,142**	**100.0**	**209,409**	**82.5**	**65.5**	**45.8**	**6.6**	**33.9**	**10.9**	**0.6**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2017 – 2019
Assessment Area:	**Total Loans to Farms**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle- Income Tracts**			**Upper- Income Tracts**			**Not Available- Income Tracts**		
	#	**$**	**% of Total**	**Overall Market**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**
Full-Scope:																			
Detroit MSA	62	3,988	21.0	294	4.9	1.6	0.7	18.9	11.3	18.4	43.5	41.9	52.7	32.5	45.2	27.6	0.3	0.0	0.7
Limited-Scope:																			
Ann Arbor MSA	6	131	2.0	72	3.4	0.0	1.4	5.9	0.0	1.4	57.3	66.7	55.6	33.2	33.3	41.7	0.1	0.0	0.0
Battle Creek MSA	0	0	0.0	46	1.9	0.0	0.0	7.3	0.0	0.0	63.0	0.0	82.6	27.7	0.0	17.4	0.0	0.0	0.0
Bay City MSA	8	170	2.7	52	0.6	0.0	1.9	6.1	0.0	0.0	63.9	100.0	76.9	29.4	0.0	21.2	0.0	0.0	0.0
Flint MI MSA	17	839	5.8	61	3.4	0.0	0.0	7.1	11.8	1.6	39.0	35.3	39.3	50.4	52.9	59.0	0.0	0.0	0.0
Grand Rapids MSA 17-18	54	2,915	18.3	369	0.8	0.0	0.5	16.2	18.5	15.2	55.0	50.0	60.7	27.9	31.5	23.6	0.0	0.0	0.0
Grand Rapids MSA 19	18	923	6.1	432	0.7	0.0	0.5	15.1	22.2	13.0	55.7	16.7	63.9	28.5	61.1	22.7	0.0	0.0	0.0
Jackson MSA	3	452	1.0	38	1.5	0.0	0.0	10.9	0.0	7.9	62.6	0.0	73.7	25.0	100.0	18.4	0.0	0.0	0.0
Kalamazoo MSA	5	89	1.7	50	3.5	0.0	0.0	12.5	0.0	12.0	55.1	80.0	54.0	28.4	20.0	34.0	0.4	0.0	0.0
Lansing MSA	16	542	5.4	256	1.5	0.0	0.8	7.4	0.0	2.0	63.7	81.3	78.5	26.8	18.8	18.8	0.6	0.0	0.0
Midland MSA	0	0	0.0	44	0.4	0.0	0.0	17.9	0.0	9.1	59.8	0.0	79.5	22.0	0.0	11.4	0.0	0.0	0.0
Monroe MSA	4	95	1.4	130	0.0	0.0	0.0	4.3	0.0	0.8	82.9	75.0	83.8	12.8	25.0	15.4	0.0	0.0	0.0
Muskegon MSA	3	35	1.0	34	5.4	0.0	0.0	8.4	0.0	0.0	53.0	66.7	67.6	33.1	33.3	32.4	0.0	0.0	0.0
Niles MSA	1	20	0.3	100	1.8	0.0	0.0	7.1	0.0	1.0	67.3	100.0	71.0	23.8	100.0	28.0	0.0	0.0	0.0
Saginaw MSA	7	182	2.4	116	1.3	0.0	0.0	3.0	0.0	0.0	59.7	57.1	58.6	36.0	42.9	41.4	0.0	0.0	0.0
Michigan Non-MSA 17-18	72	3,032	24.4	950	0.0	0.0	0.0	4.3	4.2	2.4	74.1	76.4	80.8	21.6	19.4	16.7	0.0	0.0	0.0
Michigan Non-MSA 19	19	1,261	6.4	887	0.0	0.0	0.0	4.8	0.0	2.6	73.3	63.2	80.7	21.9	36.8	16.7	0.0	0.0	0.0
Total	**295**	**14,674**	**100.0**	**3,931**	**2.4**	**0.3**	**0.3**	**11.5**	**8.8**	**5.8**	**57.2**	**56.8**	**71.1**	**28.7**	**34.1**	**22.7**	**0.1**	**0.0**	**0.1**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017 – 2019
	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
Assessment Area:	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Detroit MSA	62	3,988	21.0	294	95.5	75.8	44.6	2.7	24.2	1.7	0.0
Limited-Scope:											
Ann Arbor MSA	6	131	2.0	72	95.3	66.7	47.2	2.6	33.3	2.1	0.0
Battle Creek MSA	0	0	0.0	46	95.4	0.0	28.3	3.0	0.0	1.6	0.0
Bay City MSA	8	170	2.7	52	98.2	100.0	51.9	0.9	0.0	0.9	0.0
Flint MI MSA	17	839	5.8	61	95.6	70.6	44.3	2.9	29.4	1.5	0.0
Grand Rapids MSA 17-18	54	2,915	18.3	369	92.3	83.3	38.5	5.7	16.7	1.9	0.0
Grand Rapids MSA 19	18	923	6.1	432	93.6	100.0	35.4	4.9	0.0	1.6	0.0
Jackson MSA	3	452	1.0	38	98.5	100.0	31.6	1.0	0.0	0.5	0.0
Kalamazoo MSA	5	89	1.7	50	91.9	80.0	38.0	5.7	20.0	2.5	0.0
Lansing MSA	16	542	5.4	256	96.4	75.0	26.2	2.2	25.0	1.5	0.0
Midland MSA	0	0	0.0	44	98.0	0.0	68.2	2.0	0.0	0.0	0.0
Monroe MSA	4	95	1.4	130	96.8	75.0	60.8	2.4	25.0	0.8	0.0
Muskegon MSA	3	35	1.0	34	96.3	100.0	47.1	3.4	0.0	0.3	0.0
Niles MSA	2	35	0.3	100	95.7	50.0	32.0	3.7	50.0	0.5	0.0
Saginaw MSA	7	182	2.4	116	97.0	71.4	55.2	1.5	28.6	1.5	0.0
Michigan Non-MSA 17-18	72	3,032	24.4	950	95.8	80.6	44.7	2.6	18.1	1.7	1.4
Michigan Non-MSA 19	19	1,261	6.4	887	96.1	57.9	46.7	2.4	42.1	1.5	0.0
Total	**295**	**14,674**	**100.0**	**3,931**	**95.6**	**79.1**	**42.7**	**2.9**	**20.6**	**1.5**	**0.3**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017 – 2019
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle- Income Tracts**			**Upper- Income Tracts**			**Not Available- Income Tracts**		
	#	**$**	**% of Total**	**Overall Market**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**Aggregate**
Full-Scope:																			
Akron MSA	8,984	1,050,883	11.3	23,687	5.7	4.3	3.1	17.7	17.0	14.5	44.9	47.2	45.2	31.7	31.5	37.2	0.0	0.0	0.0
Cleveland MSA	18,066	2,374,345	22.7	64,885	6.5	3.3	3.0	16.2	12.0	12.4	37.9	38.8	39.3	39.2	45.8	45.3	0.2	0.1	0.0
Columbus MSA	21,532	3,970,417	27.0	71,782	5.1	4.2	4.4	17.8	14.5	16.5	36.5	30.5	34.8	40.6	50.7	44.3	0.0	0.1	0.0
Limited-Scope:																			
Canton MSA	6,066	698,658	7.6	12,136	3.4	1.3	1.1	8.2	5.3	5.0	69.8	71.1	70.7	18.6	22.3	23.1	0.0	0.0	0.0
Dayton MSA	2,911	413,026	3.7	23,451	5.7	2.7	3.0	16.3	10.5	13.6	45.6	47.6	46.5	32.4	39.2	36.9	0.0	0.0	0.0
Lima MSA	443	44,497	0.6	2,604	2.7	2.0	1.9	12.8	11.7	8.6	52.7	49.7	51.9	31.9	36.6	37.6	0.0	0.0	0.0
Mansfield MSA	732	68,013	0.9	2,981	2.2	1.4	0.7	13.6	10.4	9.1	57.9	61.1	59.7	26.3	27.2	30.5	0.0	0.0	0.0
Springfield MSA	626	59,867	0.8	3,596	3.1	1.6	1.1	20.2	17.7	20.2	46.6	46.3	47.0	30.1	34.3	31.7	0.0	0.0	0.0
Toledo MSA	6,596	742,672	8.3	15,300	6.8	2.9	2.3	12.0	8.6	8.6	45.0	44.2	44.6	36.2	44.3	44.6	0.0	0.0	0.0
Ohio Non-MSA	13,716	1,420,660	17.2	37,132	0.5	0.3	0.3	12.1	12.6	12.8	65.5	63.7	63.2	21.8	23.5	23.7	0.0	0.0	0.0
Total	**79,672**	**10,843,037**	**100.0**	**257,554**	**4.6**	**2.9**	**2.8**	**15.1**	**12.5**	**13.3**	**47.3**	**45.3**	**45.0**	**33.0**	**39.2**	**38.9**	**0.0**	**0.0**	**0.0**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																					2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Full-Scope:																					
Akron MSA	8,984	1,050,883	11.3	23,687	21.4	15.5	11.4	16.9	24.7	20.8	20.8	23.8	21.6	40.9	35.6	34.0	0.0	0.5	12.3		
Cleveland MSA	18,066	2,374,345	22.7	64,885	22.8	11.4	8.8	16.7	22.9	19.3	19.3	24.5	21.4	41.2	40.7	37.2	0.0	0.5	13.4		
Columbus MSA	21,532	3,970,417	27.0	71,782	21.8	7.6	7.6	16.8	18.1	18.3	19.4	22.0	20.9	41.9	51.4	38.5	0.0	1.0	14.7		
Limited-Scope:																					
Canton MSA	6,066	698,658	7.6	12,136	19.6	11.7	9.8	18.7	23.7	21.7	21.9	25.4	23.1	39.8	38.6	33.5	0.0	0.6	11.8		
Dayton MSA	2,911	413,026	3.7	23,451	22.6	9.9	8.1	17.0	23.1	19.5	19.6	24.0	22.0	40.9	42.3	39.1	0.0	0.7	11.4		
Lima MSA	443	44,497	0.9	2,604	21.7	10.4	9.8	17.0	23.5	22.5	21.6	23.5	25.0	39.7	41.8	32.1	0.0	0.9	10.5		
Mansfield MSA	732	68,013	1.6	2,981	20.6	9.8	9.4	18.5	22.7	20.6	20.9	26.8	25.4	40.0	40.4	31.0	0.0	0.3	13.8		
Springfield MSA	626	59,867	4.5	3,596	20.9	12.9	11.4	17.4	24.9	24.5	20.9	27.0	23.3	40.8	34.8	26.5	0.0	0.3	14.3		
Toledo MSA	6,596	742,672	8.3	15,300	23.2	10.5	9.5	16.4	22.9	20.5	19.7	25.8	23.0	40.7	40.3	35.5	0.0	0.5	11.5		
Ohio Non-MSA	13,716	1,420,660	17.2	37,132	19.4	9.6	8.0	18.1	24.3	22.6	21.9	26.8	23.5	40.5	38.8	33.5	0.0	0.5	12.4		
Total	**79,672**	**10,843,037**	**100.0**	**257,554**	**21.6**	**10.4**	**8.6**	**17.2**	**22.1**	**19.9**	**20.2**	**24.3**	**21.9**	**41.0**	**42.5**	**36.4**	**0.0**	**0.6**	**13.1**		

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017 – 2019
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Akron MSA	3,029	309,905	12.0	12,401	10.2	8.2	9.0	15.0	15.1	14.3	37.2	38.5	36.9	37.5	38.3	39.9	0.0	0.0	0.0
Cleveland MSA	7,727	763,520	30.7	39,140	8.2	6.2	7.1	16.2	13.1	15.0	33.0	35.2	31.7	41.9	44.9	45.4	0.8	0.6	0.8
Columbus MSA	6,023	662,636	23.9	35,791	9.2	7.8	13.4	17.5	13.8	14.6	30.3	28.8	27.1	42.4	49.0	44.6	0.5	0.6	0.3
Limited-Scope:																			
Canton MSA	1,532	128,196	6.1	5,940	5.1	3.6	4.4	6.9	5.7	6.0	66.4	70.2	64.7	19.4	19.2	23.5	2.3	1.4	1.5
Dayton MSA	1,304	144,145	5.2	11,437	7.2	11.8	7.0	17.3	16.0	17.1	43.2	40.6	42.6	32.3	31.6	33.2	0.0	0.0	0.0
Lima MSA	133	11,204	0.5	1,163	4.8	1.5	4.3	19.2	16.5	18.0	44.3	48.1	45.3	31.7	33.8	32.4	0.0	0.0	0.0
Mansfield MSA	205	15,895	0.8	1,619	9.0	11.7	9.0	15.0	17.6	15.3	48.4	54.1	49.6	27.6	16.6	26.1	0.0	0.0	0.0
Springfield MSA	245	27,027	1.0	1,553	5.0	3.3	4.4	27.2	27.8	27.5	38.0	36.7	36.1	29.9	32.2	32.1	0.0	0.0	0.0
Toledo MSA	1,523	163,739	6.0	7,642	12.4	8.5	10.1	10.2	12.6	9.7	38.8	37.6	36.7	38.6	41.3	43.5	0.1	0.0	0.0
Ohio Non-MSA	3,470	287,830	13.8	18,830	0.8	0.4	0.6	16.5	15.3	15.1	62.3	62.0	62.5	20.5	22.2	21.8	0.0	0.1	0.0
Total	**25,191**	**2,514,097**	**100.0**	**135,516**	**7.5**	**6.3**	**8.0**	**15.9**	**13.7**	**14.5**	**40.3**	**40.5**	**38.3**	**35.8**	**39.1**	**38.8**	**0.5**	**0.4**	**0.4**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017 – 2019
Assessment Area:	**Total Loans to Small Businesses**				**Businesses with Revenues <= 1MM**			**Businesses with Revenues > 1MM**		**Businesses with Revenues Not Available**	
	#	**$**	**% of Total**	**Overall Market**	**% Businesses**	**% Bank Loans**	**Aggregate**	**% Businesses**	**% Bank Loans**	**% Businesses**	**% Bank Loans**
Full-Scope:											
Akron MSA	3,029	309,905	12.0	12,401	82.4	65.9	44.5	6.6	33.2	11.0	0.9
Cleveland MSA	7,727	763,520	30.7	39,140	83.4	67.7	47.6	6.6	31.9	10.0	0.4
Columbus MSA	6,023	662,636	23.9	35,791	83.9	63.0	42.5	5.3	36.4	10.8	0.6
Limited-Scope:											
Canton MSA	1,532	128,196	6.1	5,940	82.0	68.0	45.0	6.2	31.3	11.8	0.7
Dayton MSA	1,304	144,145	5.2	11,437	81.4	63.9	45.9	6.2	35.4	12.4	0.8
Lima MSA	133	11,204	0.5	1,163	76.8	62.4	34.7	7.0	37.6	16.3	0.0
Mansfield MSA	205	15,895	0.8	1,619	79.0	64.9	47.2	6.0	34.1	15.0	1.0
Springfield MSA	245	27,027	1.0	1,553	79.1	58.4	47.3	6.3	41.2	14.6	0.4
Toledo MSA	1,523	163,739	6.0	7,642	79.5	64.9	46.3	7.2	34.3	13.2	0.8
Ohio Non-MSA	3,470	287,830	13.8	18,830	79.3	69.7	47.5	6.2	29.8	14.6	0.5
Total	**25,191**	**2,514,097**	**100.0**	**135,516**	**82.1**	**66.1**	**45.5**	**6.2**	**33.3**	**11.7**	**0.6**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																					2017 – 2019
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts				
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate		
Full-Scope:																					
Akron MSA	31	1,889	5.1	92	4.4	0.0	6.5	10.2	3.2	3.3	52.4	41.9	58.7	33.0	54.8	31.5	0.0	0.0	0.0		
Cleveland MSA	86	6,528	14.1	208	3.7	1.2	1.0	11.6	7.0	6.3	40.1	44.2	49.5	44.5	47.7	43.3	0.1	0.0	0.0		
Columbus MSA	144	13,506	23.6	456	4.5	1.4	1.1	14.5	6.9	12.3	44.1	51.4	54.4	36.8	40.3	31.8	0.1	0.0	0.4		
Limited-Scope:																					
Canton MSA	34	1,870	5.6	139	1.5	0.0	0.0	2.4	0.0	0.7	80.8	97.1	88.5	15.1	2.9	10.8	0.2	0.0	0.0		
Dayton MSA	29	3,093	4.7	205	3.2	3.4	0.5	12.4	10.3	6.8	53.5	37.9	54.1	30.9	48.3	38.5	0.0	0.0	0.0		
Lima MSA	13	1,098	2.1	128	0.6	0.0	0.0	5.2	0.0	0.8	75.8	69.2	87.5	18.4	30.8	11.7	0.0	0.0	0.0		
Mansfield MSA	2	83	0.3	73	1.1	0.0	2.7	4.8	0.0	0.0	65.8	100.0	78.1	28.2	0.0	19.2	0.0	0.0	0.0		
Springfield MSA	16	1,727	2.6	100	3.5	0.0	0.0	17.2	6.3	3.0	44.1	50.0	68.0	35.2	43.8	29.0	0.0	0.0	0.0		
Toledo MSA	47	3,162	7.7	405	3.7	6.4	0.2	5.9	6.4	1.5	50.4	59.6	73.3	40.0	27.7	24.9	0.0	0.0	0.0		
Ohio Non-MSA	209	17,976	34.2	1,947	0.2	0.5	0.2	6.2	5.7	3.6	63.7	76.1	69.4	29.8	17.7	26.8	0.0	0.0	0.0		
Total	**611**	**50,932**	**100.0**	**3,753**	**2.5**	**1.3**	**0.5**	**9.5**	**5.9**	**4.5**	**54.0**	**61.4**	**67.3**	**33.9**	**31.4**	**27.7**	**0.1**	**0.0**	**0.1**		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017-19
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Akron MSA	31	1,889	5.1	92	95.9	90.3	73.9	2.4	9.7	1.7	0.0
Cleveland MSA	86	6,528	14.1	208	95.8	89.5	63.5	2.6	10.5	1.6	0.0
Columbus MSA	144	13,506	23.6	456	95.6	74.3	46.7	2.7	25.7	1.6	0.0
Limited-Scope:											
Canton MSA	34	1,870	5.6	139	96.8	88.2	69.1	2.0	11.8	1.2	0.0
Dayton MSA	29	3,093	4.7	205	95.9	72.4	57.6	2.6	27.6	1.5	0.0
Lima MSA	13	1,098	2.1	128	97.9	69.2	62.5	1.5	30.8	0.6	0.0
Mansfield MSA	2	83	0.3	73	97.5	100.0	54.8	1.7	0.0	0.8	0.0
Springfield MSA	16	1,727	2.6	100	97.3	87.5	57.0	1.9	12.5	0.8	0.0
Toledo MSA	47	3,162	7.7	405	95.4	100.0	77.0	3.2	0.0	1.4	0.0
Ohio Non-MSA	209	17,976	34.2	1,947	97.7	84.2	61.1	1.3	15.3	0.9	0.5
Total	**611**	**50,932**	**100.0**	**3,753**	**96.5**	**83.6**	**61.4**	**2.2**	**16.2**	**1.3**	**0.2**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, “--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017 – 2019

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Pittsburgh MSA	5,313	830,728	83.8	66,931	2.8	2.0	1.5	14.3	16.8	11.5	51.9	51.5	49.0	31.1	29.7	38.0	0.0	0.0	0.0
Limited-Scope																			
Erie MSA	257	28,720	4.1	5,953	4.5	2.7	2.3	8.8	15.6	8.5	50.6	46.3	47.2	36.2	35.4	42.1	0.0	0.0	0.0
Pennsylvania Non-MSA	769	69,355	12.1	2,190	3.1	1.4	1.7	7.7	5.9	5.6	75.8	72.3	74.8	13.4	20.4	17.9	0.0	0.0	0.0
Total	**6,339**	**928,803**	**100.0**	**75,074**	**2.9**	**1.9**	**1.5**	**13.5**	**15.4**	**11.1**	**52.7**	**53.8**	**49.6**	**30.9**	**28.8**	**37.8**	**0.0**	**0.0**	**0.0**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017 – 2019

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Full-Scope:																			
Pittsburgh MSA	5,313	830,728	83.8	66,931	20.3	14.3	9.2	17.1	24.2	19.5	20.5	21.8	21.6	42.1	39.3	39.4	0.0	0.4	10.4
Limited-Scope																			
Erie MSA	257	28,720	4.1	5,953	21.1	10.1	9.0	17.6	27.6	19.7	20.8	28.4	25.1	40.5	33.9	36.8	0.0	0.0	9.4
Pennsylvania Non-MSA	769	69,355	12.1	2,190	20.8	13.5	9.7	16.9	23.3	21.8	21.5	22.2	22.1	40.9	41.0	37.0	0.0	0.0	9.5
Total	**6,339**	**928,803**	**100.0**	**75,074**	**20.4**	**14.0**	**9.2**	**17.1**	**24.3**	**19.6**	**20.5**	**22.1**	**21.9**	**41.9**	**39.3**	**39.1**	**0.0**	**0.3**	**10.3**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017 – 2019**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Pittsburgh MSA	2,201	203,500	86.1	40,804	4.8	3.5	4.1	13.5	12.5	13.7	42.7	50.0	43.7	38.1	33.8	38.0	0.8	0.2	0.5
Limited-Scope																			
Erie MSA	120	9,374	4.7	3,671	12.4	9.2	12.0	11.8	12.5	11.2	45.0	50.8	46.7	30.8	27.5	30.1	0.0	0.0	0.0
Pennsylvania Non-MSA	236	20,642	9.2	1,279	11.2	11.9	9.3	5.9	1.7	5.6	62.4	72.9	67.0	20.5	13.6	18.1	0.0	0.0	0.0
Total	**2,557**	**233,516**	**100.0**	**45,754**	**5.6**	**4.5**	**4.9**	**13.2**	**11.5**	**13.3**	**43.5**	**52.1**	**44.6**	**37.0**	**31.6**	**36.8**	**0.8**	**0.2**	**0.4**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017 – 2019**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Pittsburgh MSA	2,201	203,500	86.1	40,804	82.8	68.7	46.2	5.9	30.6	11.2	0.8
Limited-Scope											
Erie MSA	120	9,374	4.7	3,671	79.9	65.8	41.8	7.2	31.7	12.9	2.5
Pennsylvania Non-MSA	236	20,642	9.2	1,279	80.7	68.2	42.7	6.7	31.8	12.6	0.0
Total	**2,557**	**233,516**	**100.0**	**45,754**	**82.5**	**68.5**	**45.8**	**6.1**	**30.7**	**11.4**	**0.8**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2017 – 2019
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Full-Scope:																			
Pittsburgh MSA	16	957	88.9	166	2.1	0.0	1.2	10.6	6.3	6.6	57.6	31.3	77.1	29.6	62.5	15.1	0.1	0.0	0.0
Limited-Scope																			
Erie MSA	0	0	0.0	34	2.9	0.0	0.0	6.3	0.0	5.9	46.1	0.0	47.1	44.7	0.0	47.1	0.0	0.0	0.0
Pennsylvania Non-MSA	2	54	11.1	25	0.5	0.0	0.0	2.3	0.0	0.0	86.7	100.0	96.0	10.6	0.0	4.0	0.0	0.0	0.0
Total	**18**	**1,011**	**100.0**	**225**	**2.1**	**0.0**	**0.9**	**9.7**	**5.6**	**5.8**	**57.8**	**38.9**	**74.7**	**30.3**	**55.6**	**18.7**	**0.1**	**0.0**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017 – 2019
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Pittsburgh MSA	16	957	88.9	166	96.2	68.8	41.6	2.2	31.3	1.6	0.0
Limited-Scope											
Erie MSA	0	0	0	34	95.4	0.0	32.4	3.3	0.0	1.3	0.0
Pennsylvania Non-MSA	2	54	11.1	25	99.5	100.0	44.0	0.0	0.0	0.5	0.0
Total	**18**	**1,011**	**100.0**	**225**	**96.3**	**72.2**	**40.4**	**2.2**	**27.8**	**1.5**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Morgantown MSA	867	163,935	24.9	2,550	0.0	0.1	0.2	15.3	15.7	12.4	43.2	41.1	40.1	41.4	43.1	47.4	0.0	0.0	0.0
Limited-Scope:																			
Charleston MSA	577	72,587	16.6	3,594	1.2	0.5	1.1	11.3	14.4	13.8	52.9	49.9	49.2	34.7	35.2	35.8	0.0	0.0	0.0
Huntington MSA	560	75,400	16.1	3,984	3.2	1.6	2.2	13.2	7.3	6.8	49.4	48.0	46.6	34.1	42.9	44.0	0.0	0.2	0.5
Parkersburg MSA	303	35,316	8.7	1,686	0.0	0.0	0.0	8.5	6.3	6.1	67.4	70.6	65.7	24.2	23.1	28.2	0.0	0.0	0.0
West Virginia Non-MSA	1,175	139,274	33.7	3,123	0.2	0.3	0.3	5.8	7.4	7.4	58.6	50.7	42.5	35.4	41.6	49.8	0.0	0.0	0.0
Total	**3,482**	**486,512**	**100.0**	**14,937**	**1.2**	**0.5**	**1.0**	**10.5**	**10.5**	**9.5**	**54.2**	**49.5**	**47.4**	**34.1**	**39.5**	**42.0**	**0.0**	**0.0**	**0.1**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017 – 2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Full-Scope:																			
Morgantown MSA	867	163,935	24.9	2,550	20.9	5.7	5.5	14.4	20.1	16.9	20.4	21.5	20.1	44.2	52.0	48.7	0.0	0.8	8.7
Limited-Scope:																			
Charleston MSA	577	72,587	16.6	3,594	20.7	9.5	7.8	17.1	18.7	17.8	19.8	24.6	22.0	42.4	46.4	40.9	0.0	0.7	11.6
Huntington MSA	560	75,400	16.1	3,984	21.8	6.4	5.8	16.5	18.9	15.0	19.7	25.0	23.2	42.1	48.6	44.7	0.0	1.1	11.2
Parkersburg MSA	303	35,316	8.7	1,686	20.5	11.2	7.7	17.1	18.2	16.0	20.3	24.4	23.8	42.1	45.2	43.7	0.0	1.0	8.8
West Virginia Non-MSA	1,175	139,274	33.7	3,123	18.7	6.4	4.5	16.0	15.6	12.8	19.5	25.5	23.0	45.8	52.0	49.6	0.0	0.5	10.2
Total	**3,482**	**486,512**	**100.0**	**14,937**	**20.5**	**7.2**	**6.2**	**16.4**	**18.0**	**15.6**	**19.8**	**24.2**	**22.4**	**43.3**	**49.9**	**45.4**	**0.0**	**0.7**	**10.4**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2017 – 2019

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Morgantown MSA	133	13,587	11.1	1,753	0.3	0.0	0.2	21.7	21.1	19.7	37.5	36.1	37.9	40.5	42.9	42.2	0.0	0.0	0.0
Limited-Scope:																			
Charleston MSA	341	40,426	28.4	2,974	4.2	10.0	4.2	10.4	10.9	11.1	55.7	58.4	54.8	29.7	20.8	29.9	0.0	0.0	0.0
Huntington MSA	274	25,550	22.8	2,231	13.3	15.7	14.1	10.1	5.8	6.8	40.8	43.8	41.7	34.9	34.7	37.1	0.8	0.0	0.3
Parkersburg MSA	101	9,481	8.4	1,166	0.0	0.0	0.0	11.0	8.9	9.4	70.7	80.2	72.0	18.3	10.9	18.5	0.0	0.0	0.0
West Virginia Non-MSA	351	38,255	29.3	2,325	2.2	0.0	1.7	6.9	11.1	8.3	52.7	46.7	44.6	38.2	42.2	45.3	0.0	0.0	0.0
Total	**1,200**	**127,299**	**100.0**	**10,449**	**4.8**	**6.4**	**4.6**	**11.4**	**10.8**	**10.8**	**50.3**	**51.0**	**48.8**	**33.3**	**31.8**	**35.6**	**0.2**	**0.0**	**0.1**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2017 – 2019

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Morgantown MSA	133	13,587	11.1	1,753	81.8	67.7	44.7	4.9	31.6	13.3	0.8
Limited-Scope:											
Charleston MSA	341	40,426	28.4	2,974	75.4	53.7	45.0	6.8	44.9	17.8	1.5
Huntington MSA	274	25,550	22.8	2,231	77.8	60.9	44.2	6.5	36.9	15.7	2.2
Parkersburg MSA	101	9,481	8.4	1,166	78.6	50.5	38.3	5.7	49.5	15.7	0.0
West Virginia Non-MSA	351	38,255	29.3	2,325	77.8	62.7	37.8	6.4	37.3	15.9	0.0
Total	**1,200**	**127,299**	**100.0**	**10,449**	**77.8**	**59.3**	**42.4**	**6.2**	**39.8**	**16.0**	**1.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography **2017 – 2019**

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Full-Scope:																			
Morgantown MSA	2	26	15.4	10	0.0	0.0	0.0	9.6	50.0	10.0	46.3	50.0	70.0	44.1	0.0	20.0	0.0	0.0	0.0
Limited-Scope:																			
Charleston MSA	5	302	38.5	3	2.2	0.0	0.0	10.4	0.0	0.0	61.2	100.0	66.7	26.2	0.0	33.3	0.0	0.0	0.0
Huntington MSA	1	45	7.7	10	4.9	0.0	0.0	8.1	100.0	20.0	48.8	0.0	30.0	38.2	0.0	50.0	0.0	0.0	0.0
Parkersburg MSA	0	0	0	8	0.0	0.0	0.0	1.9	0.0	0.0	83.7	0.0	100.0	14.4	0.0	0.0	0.0	0.0	0.0
West Virginia Non-MSA	5	279	38.5	34	0.0	0.0	0.0	3.3	0.0	2.9	63.3	60.0	70.6	33.3	40.0	26.5	0.0	0.0	0.0
Total	**13**	**652**	**100.0**	**65**	**1.8**	**0.0**	**0.0**	**6.6**	**15.4**	**6.2**	**58.6**	**69.2**	**67.7**	**32.9**	**15.4**	**26.2**	**0.0**	**0.0**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues **2017 – 2019**

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Full-Scope:											
Morgantown MSA	2	26	15.4	10	97.8	100.0	40.0	0.7	0.0	1.5	0.0
Limited-Scope:											
Charleston MSA	5	302	38.5	3	94.0	60.0	100.0	3.3	40.0	2.7	0.0
Huntington MSA	1	45	7.7	10	95.4	0.0	40.0	1.8	100.0	2.8	0.0
Parkersburg MSA	0	0	0	8	98.1	0.0	25.0	1.0	0.0	1.0	0.0
West Virginia Non-MSA	5	279	38.5	34	98.0	80.0	35.3	0.3	20.0	1.7	0.0
Total	**13**	**652**	**100.0**	**65**	**96.5**	**69.2**	**38.5**	**1.4**	**30.8**	**2.1**	**0.0**

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, “--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-2018
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available- Income Tracts		
	#	$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Full-Scope:																			
Wisconsin Non-MSA	421	58,890	38.7	21,719	0.0	0.0	0.0	8.0	7.8	7.8	73.9	77.9	74.6	18.1	14.3	17.6	0.0	0.0	0.0
Limited-Scope																			
Appleton MSA	99	15,791	9.1	8,609	0.0	0.0	0.0	9.2	8.1	8.8	81.4	86.9	81.3	9.4	5.1	9.9	0.0	0.0	0.0
Duluth MSA	15	1,503	1.4	1,230	5.8	20.0	5.9	10.8	20.0	10.9	65.0	46.7	63.2	18.4	13.3	20.0	0.0	0.0	0.0
Green Bay MSA	200	22,419	18.4	10,763	0.9	1.0	1.2	19.8	17.0	19.2	54.7	59.5	50.8	24.6	22.5	28.7	0.0	0.0	0.0
Madison MSA	101	25,850	9.3	22,665	0.8	3.0	0.9	12.2	25.7	10.8	56.8	45.5	55.9	30.2	25.7	32.3	0.0	0.0	0.1
Milwaukee MSA	195	41,650	17.9	38,797	8.9	6.2	5.1	14.5	15.4	13.6	32.0	33.3	32.8	44.5	45.1	48.5	0.0	0.0	0.0
Oshkosh MSA	56	8,286	5.2	5,402	0.0	0.0	0.0	9.9	17.9	11.5	62.5	66.1	60.0	27.6	16.1	28.6	0.0	0.0	0.0
Total	**1,087**	**174,389**	**100.0**	**109,185**	**3.5**	**1.8**	**2.2**	**12.5**	**13.2**	**11.9**	**53.9**	**63.3**	**53.2**	**30.1**	**21.6**	**32.7**	**0.0**	**0.0**	**0.0**

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																					2017-2018
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Full-Scope:																					
Wisconsin Non-MSA	421	58,890	38.7	21,719	16.7	11.6	7.9	19.1	25.9	19.5	22.8	22.6	21.7	41.4	38.2	39.9	0.0	1.7	11.0		
Limited-Scope																					
Appleton MSA	99	15,791	9.1	8,609	18.2	14.1	9.3	18.6	34.3	23.2	24.9	22.2	24.5	38.3	24.2	32.3	0.0	5.1	10.7		
Duluth MSA	15	1,503	1.4	1,230	22.5	13.3	9.2	18.8	26.7	21.5	22.6	33.3	22.0	36.1	20.0	30.6	0.0	6.7	16.7		
Green Bay MSA	200	22,419	18.4	10,763	19.8	16.5	10.3	18.4	30.5	21.4	22.0	22.0	22.8	39.8	28.0	33.6	0.0	3.0	12.0		
Madison MSA	101	25,850	9.3	22,665	19.4	8.9	7.1	17.1	28.7	18.7	22.9	21.8	26.5	40.6	36.6	40.8	0.0	4.0	6.9		
Milwaukee MSA	195	41,650	17.9	38,797	25.7	3.1	8.0	16.3	20.5	18.4	19.0	22.1	22.2	39.0	49.7	39.8	0.0	4.6	11.6		
Oshkosh MSA	56	8,286	5.2	5,402	18.6	23.2	9.4	18.4	21.4	22.9	24.0	16.1	22.9	39.0	37.5	32.5	0.0	1.8	12.4		
Total	**1,087**	**174,389**	**100.0**	**109,185**	**21.3**	**11.6**	**8.2**	**17.5**	**26.6**	**19.6**	**21.4**	**22.1**	**23.3**	**39.8**	**36.7**	**38.4**	**0.0**	**3.0**	**10.6**		

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2017-2018

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle- Income Tracts			Upper- Income Tracts			Not Available-Income Tracts		
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Full-Scope:																			
Wisconsin Non-MSA	274	20,918	31.3	9,789	0.0	0.0	0.0	9.7	8.0	9.3	75.4	74.8	73.7	14.7	17.2	17.0	0.2	0.0	0.1
Limited-Scope																			
Appleton MSA	104	10,184	11.9	3,372	0.0	0.0	0.0	10.6	5.8	10.1	82.1	82.7	80.0	7.3	11.5	9.9	0.0	0.0	0.0
Duluth MSA	15	407	1.7	417	28.8	53.3	30.7	8.6	6.7	9.4	51.0	26.7	48.9	11.5	13.3	11.0	0.0	0.0	0.0
Green Bay MSA	241	20,515	27.5	5,230	2.8	2.9	2.7	25.0	24.1	24.9	50.2	45.6	47.0	22.0	27.4	25.4	0.0	0.0	0.0
Madison MSA	85	7,929	9.7	8,673	2.4	2.4	1.5	16.0	18.8	14.4	48.0	50.6	48.4	31.6	28.2	34.0	2.0	0.0	1.6
Milwaukee MSA	113	14,606	12.9	24,143	13.0	12.4	9.7	14.0	4.4	11.9	31.8	23.9	31.3	41.2	59.3	47.1	0.1	0.0	0.0
Oshkosh MSA	44	3,599	5.0	2,057	0.0	0.0	0.0	18.0	6.8	17.5	57.0	65.9	54.5	25.0	27.3	28.0	0.0	0.0	0.0
Total	**876**	**78,158**	**100.0**	**53,681**	**6.1**	**3.5**	**5.1**	**14.4**	**12.7**	**13.2**	**50.0**	**57.5**	**47.4**	**29.0**	**26.3**	**34.0**	**0.5**	**0.0**	**0.3**

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-2018
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Full-Scope:											
Wisconsin Non-MSA	274	20,918	31.3	9,789	79.7	69.7	50.6	6.8	28.5	13.4	1.8
Limited-Scope											
Appleton MSA	104	10,184	11.9	3,372	74.8	79.8	46.2	8.8	18.3	16.4	1.9
Duluth MSA	15	407	1.7	417	74.7	80.0	48.0	8.5	20.0	16.8	0.0
Green Bay MSA	241	20,515	27.5	5,230	77.8	60.2	46.7	8.5	39.8	13.7	0.0
Madison MSA	85	7,929	9.7	8,673	81.1	74.1	48.5	6.9	25.9	12.0	0.0
Milwaukee MSA	113	14,606	12.9	24,143	78.6	58.4	44.0	9.3	38.1	12.1	3.5
Oshkosh MSA	44	3,599	5.0	2,057	76.5	54.5	44.8	8.0	43.2	15.5	2.3
Total	**876**	**78,158**	**100.0**	**53,681**	**78.9**	**66.7**	**46.4**	**8.1**	**32.0**	**13.0**	**1.4**

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																					2017-2018
Assessment Area:	**Total Loans to Farms**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle- Income Tracts**			**Upper- Income Tracts**			**Not Available- Income Tracts**				
	#	**$**	**% of Total**	**Overall Market**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**Aggregate**		
Full-Scope:																					
Wisconsin Non-MSA	13	453	33.3	945	0.0	0.0	0.0	2.8	7.7	1.6	79.1	53.8	83.9	18.1	38.5	14.5	0.0	0.0	0.0		
Limited-Scope																					
Appleton MSA	2	77	10.5	160	0.0	0.0	0.0	7.5	100.0	5.0	85.7	0.0	91.3	6.8	0.0	3.8	0.0	0.0	0.0		
Duluth MSA	0	0	0.0	9	5.2	0.0	0.0	6.9	0.0	0.0	87.9	0.0	88.9	0.0	0.0	11.1	0.0	0.0	0.0		
Green Bay MSA	12	1,282	30.8	212	0.5	0.0	0.0	14.1	0.0	9.4	58.0	50.0	67.0	27.4	50.0	23.6	0.0	0.0	0.0		
Madison MSA	5	579	12.8	381	0.4	0.0	0.5	12.1	0.0	21.5	57.8	0.0	60.9	29.4	100.0	17.1	0.3	0.0	0.0		
Milwaukee MSA	0	0	0.0	67	8.6	0.0	4.5	10.4	0.0	3.0	29.3	0.0	17.9	51.7	0.0	74.6	0.0	0.0	0.0		
Oshkosh MSA	7	965	17.9	53	0.0	0.0	0.0	6.7	0.0	0.0	69.4	57.1	60.4	23.8	42.9	39.6	0.0	0.0	0.0		
Total	**39**	**3,356**	**100.0**	**1,827**	**1.4**	**0.0**	**0.3**	**7.9**	**7.7**	**7.0**	**64.8**	**43.6**	**74.7**	**25.8**	**48.7**	**18.1**	**0.1**	**0.0**	**0.0**		

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											**2017-2018**
Assessment Area:	**Total Loans to Farms**				**Farms with Revenues <= 1MM**			**Farms with Revenues > 1MM**		**Farms with Revenues Not Available**	
	#	**$**	**% of Total**	**Overall Market**	**% Farms**	**% Bank Loans**	**Aggregate**	**% Farms**	**% Bank Loans**	**% Farms**	**% Bank Loans**
Full-Scope:											
Wisconsin Non-MSA	13	453	33.3	945	95.2	84.6	47.2	3.5	15.4	1.3	0.0
Limited-Scope											
Appleton MSA	2	77	5.1	160	94.8	100.0	36.3	3.2	0.0	2.0	0.0
Duluth MSA	--	--	--	9	96.6	--	77.8	1.7	--	1.7	--
Green Bay MSA	12	1,282	30.8	212	93.9	41.7	40.1	4.5	58.3	1.6	0.0
Madison MSA	5	579	12.8	381	95.7	20.0	55.4	2.5	80.0	1.8	0.0
Milwaukee MSA	--	--	--	67	91.7	--	65.7	5.3	--	2.9	--
Oshkosh MSA	7	965	17.9	53	96.6	100.0	30.2	2.3	0.0	1.0	0.0
Total	**39**	**3,356**	**100.0**	**1,827**	**94.7**	**66.7**	**47.5**	**3.5**	**33.3**	**1.7**	**0.0**

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

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

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2020
Commission File Number 1-34073

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

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

Registrant's telephone number, including area code (614) 480-2265
Securities registered pursuant to Section 12(b) of the Act:

Title of class	Trading Symbol(s)	Name of exchange on which registered
Depositary Shares (each representing a 1/40th interest in a share of 5.875% Series C Non-Cumulative, perpetual preferred stock)	HBANN	NASDAQ
Depositary Shares (each representing a 1/40th interest in a share of 6.250% Series D Non-Cumulative, perpetual preferred stock)	HBANO	NASDAQ
Depositary Shares (each representing a 1/40th interest in a share of 4.500% Series H Non-Cumulative, perpetual preferred stock)	HBANP	NASDAQ
Common Stock—Par Value $0.01 per Share	HBAN	NASDAQ

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act. ☒ 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 ☒ 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. ☒ Yes ☐ No

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act)

☐ Yes ☒ No

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2020, determined by using a per share closing price of $9.04, as quoted by Nasdaq on that date, was $9,353,081,984. As of January 31, 2021, there were 1,017,194,968 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 2021 Annual Shareholders' Meeting.

HUNTINGTON BANCSHARES INCORPORATED
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Glossary of Acronyms and Terms

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

ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
AML	Anti-Money Laundering
ANPR	Advance Notice of Proposed Rulemaking
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
Bank Secrecy Act	Financial Recordkeeping and Reporting of Currency and Foreign Transactions Act of 1970
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 Company
BHC Act	Bank Holding Company Act of 1956
CARES Act	Coronavirus Aid, Relief, and Economic Security Act, as amended
C&I	Commercial and Industrial
CCAR	Comprehensive Capital Analysis and Review
CCPA	California Consumer Privacy Act of 2018
CDs	Certificates of Deposit
CECL	Current Expected Credit Losses
CET1	Common equity tier 1 on a transitional Basel III basis
CFPB	Bureau of Consumer Financial Protection
CISA	Cybersecurity Information Sharing Act
CMO	Collateralized Mortgage Obligations
COVID-19	Coronavirus Disease 2019
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EAD	Exposure at Default
Economic Growth Act	Economic Growth, Regulatory Relief and Consumer Protection Act
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FCRA	Fair Credit Reporting Act
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FHC	Financial Holding Company
FHFA	Federal Housing Finance Agency
FHLB	Federal Home Loan Bank of Cincinnati
FICO	Fair Isaac Corporation

FinCEN	Financial Crimes Enforcement Network
FINRA	Financial Industry Regulatory Authority, Inc.
FRB	Federal Reserve Bank
FRG	Financial Recovery Group
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
FVO	Fair Value Option
GAAP	Generally Accepted Accounting Principles in the United States of America
GLBA	Gramm-Leach-Bliley Act
GSE	Government Sponsored Enterprise
HMDA	Home Mortgage Disclosure Act
HTM	Held-to-Maturity
IRS	Internal Revenue Service
Last-of-Layer	Last-of-layer is a fair value hedge of the interest rate risk of a portfolio of similar prepayable assets whereby the last dollar amount within the portfolio of assets is identified as the hedged item
LCR	Liquidity Coverage Ratio
LFI Rating System	Large Financial Institution Rating System
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LIHTC	Low Income Housing Tax Credit
LTV	Loan-to-Value
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 Right
NAICS	North American Industry Classification System
NALs	Nonaccrual Loans
NCO	Net Charge-off
NII	Noninterest Income
NIM	Net Interest Margin
NOW	Negotiable Order of Withdrawal
NPAs	Nonperforming Assets
NSF	Non-Sufficient Funds
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OFAC	Office of Foreign Assets Control
OIS	Overnight Indexed Swaps
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
Patriot Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001
PCD	Purchased financial assets with credit deterioration
PD	Probability of Default
Plan	Huntington Bancshares Retirement Plan
PPP	Paycheck Protection Program
PPPLF	Paycheck Protection Program Liquidity Facility

Problem Loans	Includes nonaccrual loans and leases, accruing loans and leases past due 90 days or more, troubled debt restructured loans, and criticized commercial loans
Capital and Liquidity Tailoring Rule	Refers to the changes to applicability thresholds for regulatory and capital and liquidity requirements, issued by the OCC, the Federal Reserve and the FDIC
EPS Tailoring Rule	Refers to Prudential Standards for Large Bank Holding Companies and Savings and Loan Holding, issued by the Federal Reserve
Tailoring Rules	Refers to the Capital and Liquidity Tailoring Rule and the EPS Tailoring Rule
RBHPCG	Regional Banking and The Huntington Private Client Group
REIT	Real Estate Investment Trust
Riegle-Neal Act	The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994
ROC	Risk Oversight Committee
RWA	Risk-Weighted Assets
SBA	Small Business Administration
SIFMA	Securities Industry and Financial Markets Association
SOFR	Secured Overnight Financing Rate
SRIP	Supplemental Retirement Income Plan
TCF	TCF Financial Corporation
TCJA	H.R. 1, Originally known as the Tax Cuts and Jobs Act
TDR	Troubled Debt Restructuring
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

Huntington Bancshares Incorporated

PART I

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

Item 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 15,578 average full-time equivalent employees. Through the Bank, we have over 150 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, recreational vehicle and marine financing, equipment financing, investment management, trust services, brokerage services, insurance products and services, and other financial products and services. At December 31, 2020, the Bank had 11 private client group offices and 828 branches located in Ohio, Illinois, Indiana, Kentucky, Michigan, Pennsylvania, and West Virginia. Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio. Our foreign banking activities, in total or with any individual country, are not significant.

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 four 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:

- Use a consultative sales approach to provide solutions that are specific to each customer.
- Leverage each business segment in terms of its products and expertise to benefit customers.
- Develop prospects who may want to have multiple products and services as part of their relationship with us.

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

- **Consumer and Business Banking:** The Consumer 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, CDs, investments, consumer loans, credit cards, and small business loans. Other financial services available to customers include mortgages, insurance, interest rate risk protection, foreign exchange, and treasury management. Huntington serves customers through our network of branches. In addition to our extensive branch network, customers can access Huntington through online banking, mobile banking, telephone banking, and ATMs.

  We have a "Fair Play" banking philosophy: providing differentiated products and services, built on a strong foundation of customer friendly products and advocacy. Our brand resonates with consumers and businesses, helping us acquire new customers and deepen relationships with current customers.

  Business Banking is a dynamic part of our business and we are committed to being the bank of choice for businesses in our markets. Business Banking is defined as serving companies with annual revenues up to $20 million. 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.

  Home Lending, an operating unit of Consumer and Business Banking, originates 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 Consumer and Business Banking and Regional Banking and The Huntington Private Client Group segments, as well as through commissioned loan originators. Home Lending earns interest on portfolio loans and loans held-for-sale, 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 of mortgage loans across all segments.

- **Commercial Banking:** Through a relationship banking model, this segment provides a wide array of products and services to the middle market, large corporate, real estate and government public sector customers located primarily within our geographic footprint. The segment is divided into four business units: Relationship Banking Group, Specialized Lending Group, Treasury Management/Deposits Group and Capital Markets Group.

  The Relationship Banking Group primarily focuses on providing banking solutions to middle market companies with annual revenues of $20 to $500 million and specialized industries as well as commercial real estate developers, REITS and other customers with lending needs that are secured by commercial properties. Through a relationship management approach, various products, capabilities, and solutions are seamlessly delivered in a client centric way. 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.

  Specialized Lending Group offers lending-centric products and services including Huntington Business Credit, Asset Finance and other specialized lending areas. Huntington Business Credit is an asset-based lender providing financing solutions to a broad range of industries that exhibit a quick turning of working capital in a collateral controlled environment. Asset Finance is a combination of our Huntington Equipment Finance, Huntington Public Capital, Huntington Technology Finance, and Lender Finance divisions that focus on providing financing solutions against these respective asset classes.

  The Capital Markets Group has three distinct product offerings: 1) corporate risk management services, 2) institutional sales, trading, and underwriting, and 3) institutional corporate banking. 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. Institutional Banking works primarily with larger, often more complex companies with annual revenues greater than $500 million. These entities, many of which are publicly traded, require an approach customized to their banking needs.

  The Treasury Management/Deposit Group work with the relationship banking and lending groups to 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.

- **Vehicle Finance:** Our products and services include providing financing to consumers for the purchase of automobiles, light-duty trucks, recreational vehicles, and marine craft at franchised and other select dealerships, and providing financing to franchised dealerships for the acquisition of new and used inventory. Products and services are delivered through highly specialized relationship-focused bankers and product partners. Huntington creates well-defined relationship plans which identify needs where solutions are developed and customer commitments are obtained.

  The Vehicle Finance team services automobile dealerships, their 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 select markets outside of the Midwest and to actively deepen relationships in 23 states while building a strong reputation. Huntington also provides financing for the purchase by consumers of recreational vehicles and marine craft on an indirect basis through a series of dealerships with a 34 state footprint, including coastal states.

- **Regional Banking and The Huntington Private Client Group:** Regional Banking and The Huntington Private Client Group is closely aligned with our regional banking markets. A fundamental point of differentiation is our commitment to be actively engaged within our local markets - building connections with community and business leaders and offering a uniquely personal experience delivered by colleagues working within those markets.

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

- **Treasury / Other:** 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 26 - "Segment Reporting" of Notes to Consolidated Financial Statements and are discussed in the "Business Segment Discussion" of our MD&A.

On December 13, 2020, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with TCF. The Merger Agreement provides that TCF will merge with and into Huntington (the "Merger"), with Huntington continuing as the surviving corporation in the Merger. Immediately following the Merger, TCF's wholly owned banking subsidiary, TCF National Bank, will merge with and into Huntington's wholly owned banking subsidiary, The Huntington National Bank (the "Bank Merger"), which will continue as the surviving bank in the Bank Merger. The Merger Agreement was unanimously approved by the Board of Directors of each of Huntington and TCF.

At the effective time of the Merger (the "Effective Time"), each share of common stock, par value $1.00 per share, of TCF outstanding immediately prior to the Effective Time, other than certain shares held by Huntington or TCF, will be converted into the right to receive 3.0028 shares of common stock, par value $0.01 per share, of Huntington. Holders of TCF Common Stock will receive cash in lieu of fractional shares. At the Effective Time, each share of 5.70% Series C Non-Cumulative Perpetual Preferred Stock, no par value, of TCF outstanding immediately prior to the Effective Time will be converted into the right to receive a share of a newly created series of preferred stock of Huntington.

In September 2020, we announced a new five-year, $20 billion Community Plan. The Community Plan focuses on access to capital for small business, affordable housing and home ownership, and community lending and investment focused in our local communities across our footprint. It consists of 3 commitments. The first is a $7.6 billion commitment to help small businesses, with special emphasis on those owned by minorities, women and veterans. The second is a $7.5 billion commitment to enable greater opportunities for first-time home buyers, improve housing security for financially distressed consumers, and help create generational wealth building through home ownership. Finally, we have a $4.9 billion commitment related to affordable housing, food security, workforce development and social equity as we believe these areas are fundamental to helping people find basic economic security and prosper in the communities we serve.

Human Capital

Huntington aspires to be a Category of One financial services institution: an organization unique in the combination of its culture and performance. Huntington had 15,578 average full-time equivalent colleagues during 2020, all of whom are encouraged to live out a shared purpose, making peoples' lives better, helping businesses thrive, and strengthening the communities we serve. We believe purpose driven leadership facilitates progress in achieving a diverse and inclusive workforce and in driving performance results.

Huntington engages with its colleagues to gain valuable feedback on a wide range of subjects related to the experience of working at Huntington, with a strategic focus on culture, engagement and trust. We value the feedback colleagues choose to share and use the information to drive our talent management strategy, which focuses on four key areas:

- Engagement
- Development
- Retention, and
- Attraction of top talent

Engagement

At Huntington, we believe we have highly engaged colleagues committed to looking out for each other and our customers with a balanced focus on "what we do" and "how we do it." The results of our most recent 2020 colleague survey places Huntington in the top 10% of all companies in a benchmark group for colleague engagement and trust and in the top 1% for company culture. This benchmark group includes more than 350 companies with more than 15% of the Fortune 500 represented covering a wide variety of industries, including financial services.

At Huntington, living out our shared Purpose extends beyond our daily work. We believe that building connections between colleagues, their families and our communities creates a meaningful, fulfilling and enjoyable colleague experience. During 2020, Huntington colleagues successfully navigated through the on-going pandemic challenges, safely providing over 15,000 volunteer hours to organizations across our footprint.

Development

We have created specialized programs to help our colleagues grow and develop. These programs include an online library which allows colleagues to take ownership of their development via direct access to role-based content. The content is divided into three key areas of development: learning and growth, maximizing performance, and protecting the company. During 2020, all our colleagues had experienced training within one or more of these areas. Additionally, we expanded learning opportunities across our footprint offering all colleagues the ability to obtain post-secondary education with reimbursement of tuition.

Retention

Huntington offers competitive rewards programs that further strengthen our employment value proposition and encourages colleague retention. Our compensation structure includes benefit plans and programs focused on multiple facets of well-being, including physical, mental, and financial wellness.

In response to the COVID-19 pandemic, we implemented significant changes to support the interests and needs of our colleagues, as well as the communities in which we operate. This includes mobilizing work access for roles that can be performed remotely and implementing additional safety measures for colleagues while continuing critical on-site duties. Further, we implemented colleague relief benefits, such as paid emergency leave and emergency childcare time off so that our colleagues can have peace of mind concerning events that may require time away from work.

Collectively, these strategies create a colleague experience that entices colleagues to stay and fulfill their dreams with Huntington. In 2020, full-year turnover results were 23% lower than in 2019.

Attraction

We are dedicated to attracting top talent with an emphasis on experience and behaviors that align with our Purpose and our core values of 'Can Do, Forward Thinking, and Service Heart'.

The diversity of our colleagues is a key component of our success as an organization as it allows us to have a workforce that is representative of the communities we serve. We define diversity as women and any Equal Employment Opportunity ethnicity and race category other than white. We proactively seek out a diverse candidate pool during the recruitment process across all levels and include a declaration in our employee handbooks about our commitment to fair and equitable treatment for all colleagues. To keep current on colleague diversity, Huntington offers an opportunity annually for all colleagues to self-identify with respect to gender, ethnicity and race, disability and veteran's status. During 2020, we offered select student internships to serve as a pipeline for entry-level talent with 65% of these internships fulfilled by diverse students. Additionally, we are focused on identifying, supporting and promoting qualified diverse candidates in leadership roles, where currently our combined middle, senior and executive management levels are 45% diverse.

We understand that to support our diverse culture, we must also have inclusion, which is a corporate strategic objective. Huntington executes a strategy of inclusion in multiple ways. First, our Chief Diversity, Equity, and Inclusion Officer ensures Diversity, Equity, and Inclusion perspectives are an integral part of executive decisions made at Huntington. This is achieved by measuring and socializing progress on diversity across our footprint and providing diversity and inclusion programs to our colleagues. In addition, we have Inclusion Councils and Business Resource Groups to support our commitment to engage, develop, retain and attract top diverse talent. Inclusion Councils are voluntary, colleague driven regional councils that focus on an inclusive, respectful and supportive environment for all colleagues. The Business Resource Groups are voluntary, colleague-driven groups organized around a shared interest or common diversity dimension. Both are important components to our inclusion strategy and deliver content throughout the year.

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, equipment and automobile 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. Financial Technology Companies, or FinTechs, 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 the 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 also employ customer friendly practices, such as a $50 "safety zone," which prevents customers from being charged an overdraft fee if they accidentally overdraw by $50 or less, as well as our 24-Hour Grace® account feature for both commercial and consumer accounts, which gives customers an additional business day to cover overdrafts to their account without being charged overdraft fees. In addition, Huntington has created a feature called "Money Scout℠," which is a tool that analyzes a customer's spending habits and moves money that is not being used into that customer's savings account. These measures fall under our approach of "Fair Play Banking."

The table below shows our competitive ranking and market share based on deposits of FDIC-insured institutions as of June 30, 2020, in the top 10 MSAs in which we compete:

MSA	Rank	Deposits (in millions)	Market Share
Columbus, OH	1	$ 28,347	34 %
Cleveland, OH	3	12,196	12
Detroit, MI	6	9,919	5
Akron, OH	1	4,875	29
Indianapolis, IN	4	4,349	6
Cincinnati, OH	5	4,199	3
Pittsburgh, PA	9	3,559	2
Toledo, OH	1	3,343	22
Grand Rapids, MI	2	3,080	11
Chicago, IL	20	2,875	1

Source: FDIC.gov, based on June 30, 2020 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, and consolidation among financial service providers.

FinTechs continue to emerge in key areas of banking. In addition, larger established technology platform companies continue to evaluate, and in some cases, create businesses focused on banking products. We are closely monitoring activity in the marketplace to ensure that our products and services are technologically competitive. Further, we continue to invest in and evolve our innovation program to develop, incubate, and launch new products and services driving ongoing differentiated value for our customers. Our overall strategy involves an active corporate development program that seeks to identify partnership and possible investment opportunities in technology-driven companies that can augment our distribution and product capabilities.

Regulatory Matters

Regulatory Environment

The banking industry is highly regulated. We are subject to supervision, regulation, and examination by various federal and state regulators, including the Federal Reserve, OCC, SEC, CFPB, FDIC, FINRA, and various state regulatory agencies. The statutory and regulatory framework that governs us is generally intended to protect depositors and customers, the DIF, the U.S. banking and financial system, and financial markets as a whole.

Banking statutes, regulations, and policies are continually under review by Congress, state legislatures, and federal and state regulatory agencies. In addition to laws and regulations, state and federal bank regulatory agencies may issue policy statements, interpretive letters, and similar written guidance applicable to Huntington and its subsidiaries. Any change in the statutes, regulations, or regulatory policies applicable to us, including changes in their interpretation or implementation, could have a material effect on our business or organization.

On May 24, 2018, the Economic Growth Act was signed into law, which amended, among other regulatory changes, various sections of the Dodd-Frank Act. In October 2019, the Federal Reserve adopted the EPS Tailoring Rule pursuant to the Economic Growth Act, which adjusted the thresholds at which certain enhanced prudential standards apply to U.S. BHCs with $100 billion or more in total consolidated assets. Also in October 2019, the Federal Reserve, OCC, and FDIC adopted the Capital and Liquidity Tailoring Rule, which similarly adjusted the thresholds at which certain other capital and liquidity standards apply to U.S. BHCs and banks with $100 billion or more in total consolidated assets. Under the Tailoring Rules, these BHCs and banks, including Huntington and the Bank, are placed into one of four risk-based categories based on the banking organization’s size, status as a global systemically important bank (or not), cross-jurisdictional activity, weighted short-term wholesale funding, nonbank assets, and off-balance sheet exposure. The extent to which enhanced prudential standards and certain other capital and liquidity standards apply to these BHCs and banks depends on the banking organization’s category. Under the Tailoring Rules, Huntington and the Bank each qualify as a Category IV banking organization subject to the least restrictive of the requirements applicable to firms with $100 billion or more in total consolidated assets.

As a result of the Economic Growth Act and the Tailoring Rules, Huntington and the Bank are now subject to less restrictive requirements with respect to certain enhanced prudential standards and capital and liquidity requirements than in past years, but our business will remain subject to extensive regulation and supervision. The U.S. banking agencies may issue additional rules to tailor the application of certain other regulatory requirements to BHCs and banks, including Huntington and the Bank.

We are also subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, both as administered by the SEC, as well as the rules of Nasdaq that apply to companies with securities listed on the Nasdaq Global Select Market.

The following discussion describes certain elements of the comprehensive regulatory framework applicable to us. This discussion is not intended to describe all laws and regulations applicable to Huntington, the Bank, and Huntington’s other subsidiaries.

Huntington as a Bank Holding Company

Huntington is registered as a BHC with the Federal Reserve under the BHC Act and qualifies for and has elected to become a FHC under the GLBA. As a FHC, Huntington is permitted to engage in, and be affiliated with companies engaging in, a broader range of activities than those permitted for a BHC. BHCs are generally restricted to engaging in the business of banking, managing or controlling banks, and certain other activities determined by the Federal Reserve to be closely related to banking. FHCs may also engage in activities that are considered to be financial in nature, as well as those incidental or complementary to financial activities, including underwriting, dealing and making markets in securities, and making merchant banking investments in non-financial companies. Huntington and the Bank must each remain “well-capitalized” and “well managed” in order for Huntington to maintain its status as a FHC. In addition, the Bank must receive a CRA rating of at least “Satisfactory” at its most recent examination for Huntington to engage in the full range of activities permissible for FHCs.

Huntington is subject to primary supervision, regulation and examination by the Federal Reserve, which serves as the primary regulator of our consolidated organization. The primary regulators of our non-bank subsidiaries directly regulate the activities of those subsidiaries, with the Federal Reserve exercising a supervisory role. Such non-bank subsidiaries include, for example, broker-dealers and investment advisers both registered with the SEC.

The Bank as a National Bank

The Bank is a national banking association chartered under the laws of the United States. As a national bank, the activities of the Bank are limited to those specifically authorized under the National Bank Act and OCC regulations. The Bank is subject to comprehensive primary supervision, regulation, and examination by the OCC. As a member of the DIF, the Bank is also subject to regulation and examination by the FDIC.

Supervision, Examination and Enforcement

A principal objective of the U.S. bank regulatory regime is to protect depositors and customers, the DIF, the U.S. banking and financial system, and financial markets as a whole by ensuring the financial safety and soundness of BHCs and banks, including Huntington and the Bank. Bank regulators regularly examine the operations of BHCs and banks. In addition, BHCs and banks are subject to periodic reporting and filing requirements.

The Federal Reserve, OCC, and FDIC have broad supervisory and enforcement authority with regard to BHCs and banks, including the power to conduct examinations and investigations, impose nonpublic supervisory agreements, issue cease and desist orders, impose fines and other civil and criminal penalties, terminate deposit insurance, and appoint a conservator or receiver. In addition, Huntington, the Bank, and other Huntington subsidiaries are subject to supervision, regulation, and examination by the CFPB, which is the primary administrator of most federal consumer financial statutes and Huntington’s primary consumer financial regulator. Supervision and examinations are confidential, and the outcomes of these actions may not be made public.

Bank regulators have various remedies available if they determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of a banking organization’s operations are unsatisfactory. The regulators may also take action if they determine that the banking organization or its management is violating or has violated any law or regulation. The regulators have the power to, among other things, prohibit unsafe or unsound practices, require affirmative actions to correct any violation or practice, issue administrative orders that can be judicially enforced, direct increases in capital, direct the sale of subsidiaries or other assets, limit dividends and distributions, restrict growth, assess civil monetary penalties, remove officers and directors, and terminate deposit insurance.

Engaging in unsafe or unsound practices or failing to comply with applicable laws, regulations, and supervisory agreements could subject the Company, its subsidiaries, and their respective officers, directors, and institution-affiliated parties to the remedies described above, and other sanctions. In addition, the FDIC may terminate a bank’s deposit insurance upon a finding that the bank’s financial condition is unsafe or unsound or that the bank has engaged in unsafe or unsound practices or has violated an applicable rule, regulation, order, or condition enacted or imposed by the bank’s regulatory agency.

In November 2018, the Federal Reserve adopted a new rating system, the LFI Rating System, to align its supervisory rating system for large financial institutions, including Huntington, with its current supervisory programs for these firms. As compared to the rating system it replaces, which will continue to be used for smaller BHCs, the LFI Rating System places a greater emphasis on capital and liquidity, including related planning and risk management practices. Huntington received its first rating under the LFI Rating System in 2020. These ratings will remain confidential.

Bank Acquisitions by Huntington

BHCs, such as Huntington, must obtain prior approval of the Federal Reserve in connection with any acquisition that results in the BHC owning or controlling 5% or more of any class of voting securities of a bank or another BHC.

Acquisitions of Ownership of the Company

Acquisitions of Huntington’s voting stock above certain thresholds are subject to prior regulatory notice or approval under federal banking laws, including the BHC Act and the Change in Bank Control Act of 1978. Under the Change in Bank Control Act, a person or entity generally must provide prior notice to the Federal Reserve before acquiring the power to vote 10% or more of our outstanding common stock. Investors should be aware of these requirements when acquiring shares in our stock.

Interstate Banking

Under the Riegle-Neal Act, a BHC may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the BHC not control, prior to or following the proposed acquisition, more than 10% of the total amount of deposits of insured depository institutions nationwide or, unless the acquisition is the BHC's initial entry into the state, more than 30% of such deposits in the state (or such lesser or greater amount set by the state). The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate branches. A national bank, such as the Bank, with the approval of the OCC may open a branch in any state if the law of that state would permit a state bank chartered in that state to establish the branch.

Regulatory Capital Requirements

Huntington and the Bank are subject to certain risk-based capital and leverage ratio requirements under the U.S. Basel III capital rules adopted by the Federal Reserve, for Huntington, and by the OCC, for the Bank. These rules implement the Basel III international regulatory capital standards in the United States, as well as certain provisions of the Dodd-Frank Act. These quantitative calculations are minimums, and the Federal Reserve and OCC may determine that a banking organization, based on its size, complexity, or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner.

Under the U.S. Basel III capital rules, Huntington's and the Bank's assets, exposures, and certain off-balance sheet items are subject to risk weights used to determine the institutions' risk-weighted assets. These risk-weighted assets are used to calculate the following minimum capital ratios for Huntington and the Bank:

- **CET1 Risk-Based Capital Ratio**, equal to the ratio of CET1 capital to risk-weighted assets. CET1 capital primarily includes common shareholders' equity subject to certain regulatory adjustments and deductions, including goodwill, intangible assets, certain deferred tax assets, and AOCI. Effective April 1, 2020, Huntington and the Bank adopted rules issued by regulators that simplified the capital treatment of mortgage servicing assets, deferred tax assets arising from temporary differences that an institution could not realize through net operating loss carrybacks, and investments in the capital of unconsolidated financial institutions, as well as simplified the recognition and calculation of minority interests that are includable in regulatory capital.
- **Tier 1 Risk-Based Capital Ratio**, equal to the ratio of Tier 1 capital to risk-weighted assets. Tier 1 capital is primarily comprised of CET1 capital, perpetual preferred stock, and certain qualifying capital instruments.
- **Total Risk-Based Capital Ratio**, equal to the ratio of total capital, including CET1 capital, Tier 1 capital, and Tier 2 capital, to risk-weighted assets. Tier 2 capital primarily includes qualifying subordinated debt and qualifying ALLL. Tier 2 capital also includes, among other things, certain trust preferred securities.
- **Tier 1 Leverage Ratio**, equal to the ratio of Tier 1 capital to quarterly average assets (net of goodwill, certain other intangible assets, and certain other deductions).

In December 2018, the U.S. federal banking agencies finalized rules that permit BHCs and banks to phase-in the day-one retained earnings impact of the new CECL accounting rule over a period of three years for regulatory capital purposes. As part of its response to the impact of COVID-19, the U.S. federal banking agencies issued another final rule that provides the option to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period beginning January 1, 2022. The final rule allows BHCs and banks to delay for two years 100% of the day-one impact of adopting CECL and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL. Huntington and the Bank have elected to adopt this final rule. For further discussion of the new CECL accounting rule, see Note 2 of the Notes to Consolidated Financial Statements.

In August 2020, the U.S. federal banking agencies adopted a final rule altering the definition of eligible retained income in their respective capital rules. Under the new rule, eligible retained income is the greater of a firm's (i) net income over the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (ii) average net income over the preceding four quarters. This definition applies with respect to all of Huntington's capital requirements.

The total minimum regulatory capital ratios and well-capitalized minimum ratios are reflected on the following page. The Federal Reserve has not yet revised the well-capitalized standard for BHCs to reflect the higher capital requirements imposed under the U.S. Basel III capital rules. For purposes of the Federal Reserve's Regulation Y, including determining whether a BHC meets the requirements to be an FHC, BHCs, such as Huntington, must maintain a Tier 1 Risk-Based Capital Ratio of 6.0% or greater and a Total Risk-Based Capital Ratio of 10.0% or greater. If the Federal Reserve were to apply the same or a very similar well-capitalized standard to BHCs as that applicable to the Bank, Huntington's capital ratios as of December 31, 2020, would exceed such revised well-capitalized standard. The Federal Reserve may require BHCs, including Huntington, to maintain capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a BHC's particular condition, risk profile, and growth plans.

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on our operations or financial condition. Failure to be well-capitalized or to meet minimum capital requirements could also result in restrictions on Huntington's or the Bank's ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications.

In addition to meeting the minimum capital requirements, under the U.S. Basel III capital rules, Huntington and the Bank must also maintain the required stress capital buffer and Capital Conservation Buffer, respectively, to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. The Capital Conservation Buffer is 2.5% and is calculated as a ratio of CET1 capital to risk-weighted assets, and it effectively increases the required minimum risk-based capital ratios. The Tier 1 Leverage Ratio is not impacted by the Capital Conservation Buffer, and a banking institution may be considered well-capitalized while remaining out of compliance with the Capital Conservation Buffer. In March 2020, the Federal Reserve issued a final rule that, among other things, replaced the Capital Conservation Buffer with stress buffer requirements for certain large BHCs, including Huntington. Please refer to the Stress Buffer Requirements section below for further details.

The following table presents the minimum regulatory capital ratios, minimum ratio plus capital conservation buffer, and well-capitalized minimums compared with Huntington's and the Bank's regulatory capital ratios as of December 31, 2020, calculated using the regulatory capital methodology applicable during 2020.

		Minimum Regulatory Capital Ratio	Minimum Ratio + Capital Conservation Buffer (1)	Well-Capitalized Minimums (2)	At December 31, 2020
					Actual
Ratios:					
CET 1 risk-based capital ratio	Consolidated	4.50 %	7.00 %	N/A	10.00 %
	Bank	4.50	7.00	6.50 %	10.65
Tier 1 risk-based capital ratio	Consolidated	6.00	8.50	6.00	12.47
	Bank	6.00	8.50	8.00	11.97
Total risk-based capital ratio	Consolidated	8.00	10.50	10.00	14.46
	Bank	8.00	10.50	10.00	13.58
Tier 1 leverage ratio	Consolidated	4.00	N/A	N/A	9.32
	Bank	4.00	N/A	5.00	8.94

(1) Reflects a stress capital buffer of 2.5% for Huntington and the capital conservation buffer of 2.5% for the Bank.
(2) Reflects the well-capitalized standard applicable to Huntington under Federal Reserve Regulation Y and the well-capitalized standard applicable to the Bank.

Huntington has the ability to provide additional capital to the Bank to maintain the Bank's risk-based capital ratios at levels which would be considered well-capitalized.

As of December 31, 2020, Huntington's and the Bank's regulatory capital ratios were above the well-capitalized standards and met the stress capital buffer and the Capital Conservation Buffer, respectively.

Liquidity Requirements

Under the Capital and Liquidity Tailoring Rule, Huntington, as a Category IV banking organization, is exempt from the LCR but will continue to be subject to internal liquidity stress tests and standards.

Enhanced Prudential Standards

Under the Dodd-Frank Act, as modified by the Economic Growth Act, BHCs with consolidated assets of more than $100 billion, such as Huntington, are currently subject to certain enhanced prudential standards. As a result, Huntington is subject to more stringent standards, including liquidity and capital requirements, leverage limits, stress testing, resolution planning, and risk management standards, than those applicable to smaller institutions. Certain larger banking organizations are subject to additional enhanced prudential standards.

A rule to implement one additional enhanced prudential standard—early remediation requirements—is still under consideration by the Federal Reserve. In June 2018, the Federal Reserve adopted a final rule that established single counterparty credit limits. The single counterparty credit limits do not apply to BHCs like Huntington that do not have at least $250 billion of total consolidated assets.

As discussed in the Regulatory Environment section above, under the EPS Tailoring Rule, Huntington, as a Category IV banking organization, is subject to the least restrictive enhanced prudential standards applicable to firms with $100 billion or more in total consolidated assets. As compared to enhanced prudential standards that were applicable to Huntington, under the EPS Tailoring Rule, Huntington is no longer subject to company-run stress testing requirements and is subject to supervisory stress tests every other year (as opposed to annually), less frequent internal liquidity stress tests, and reduced liquidity risk management requirements. Future rules to implement the Economic Growth Act may further change the enhanced prudential standards applicable to Huntington.

Capital Planning and Stress Testing

Huntington is required to develop, maintain, and submit to the Federal Reserve a capital plan every other year for supervisory review in connection with its CCAR process. Huntington is required to include within its capital plan an assessment of the expected uses and sources of capital and a description of all planned capital actions over the nine-quarter planning horizon, a detailed description of the process for assessing capital adequacy, its capital policy, and a discussion of any expected changes to its business plan that are likely to have a material impact on its capital adequacy. Under the stress buffer requirements final rule adopted in March 2020, the CCAR process is used to determine a BHC’s stress capital buffer requirement. Please refer to the Stress Buffer Requirements section below for further details.

The Federal Reserve expects BHCs subject to CCAR, such as Huntington, to have sufficient capital to withstand a highly adverse operating environment and to be able to continue operations, maintain ready access to funding, meet obligations to creditors and counterparties, and serve as credit intermediaries. In addition, the Federal Reserve evaluates the planned capital actions of these BHCs, including planned capital distributions such as dividend payments or stock repurchases. This involves a quantitative assessment of capital based on supervisory-run stress tests that assess the ability to maintain capital levels above certain minimum ratios, after taking all capital actions included in a BHC’s capital plan, under baseline and stressful conditions throughout the nine-quarter planning horizon. As part of CCAR, the Federal Reserve evaluates whether BHCs have sufficient capital to continue operations throughout times of economic and financial market stress and whether they have robust, forward-looking capital planning processes that account for their unique risks. We are generally prohibited from making a capital distribution unless, after giving effect to the distribution, we will meet all minimum regulatory capital ratios. Under the stress buffer requirements final rule adopted in March 2020, BHCs, including Huntington, may increase their capital distributions in excess of the amount included in their capital plan without seeking prior approval from the Federal Reserve as long as the BHC otherwise complies with the automatic restrictions on distributions under the Federal Reserve’s capital rules.

Under revised CCAR rules that became effective on March 6, 2017, the Federal Reserve is no longer allowed to object to the capital plan of a large and non-complex BHC, such as Huntington, on a qualitative, as opposed to quantitative, basis. Instead, the Federal Reserve may evaluate the strength of Huntington's qualitative capital planning process through the regular supervisory process and targeted horizontal reviews of particular aspects of capital planning. In addition, under the stress buffer requirements final rule adopted in March 2020, the Federal Reserve may no longer object to capital plans of BHCs, including Huntington, on a quantitative basis. Please refer to the Stress Buffer Requirements section below for further details.

During the fourth quarter of 2020, certain large BHCs, including Huntington, were required to update and resubmit their capital plans to reflect ongoing stresses caused by the COVID-19 pandemic. We conducted a second round of stress tests and submitted our updated capital plan to the Federal Reserve in November 2020. On December 18, 2020, the Federal Reserve released the results of its second round of supervisory stress tests. While, the Federal Reserve did not recalculate our stress capital buffer requirement at this time; they have the ability to do so until March 31, 2021.

Stress Buffer Requirements

In March 2020, the Federal Reserve issued a final rule to integrate its annual capital planning and stress testing requirements with certain ongoing regulatory capital requirements. The final rule applies to certain BHCs, including Huntington, and introduces a stress capital buffer and related changes to the capital planning and stress testing processes.

For risk-based capital requirements, the stress capital buffer replaces the existing Capital Conservation Buffer, which was 2.5% as of January 1, 2019. Under the final rule, beginning in the 2020 CCAR cycle, Huntington will be required to calculate a stress capital buffer equal to the greater of (i) the difference between its starting and minimum projected CET1 Risk-Based Capital Ratio under the severely adverse scenario in the supervisory stress test, plus the sum of the dollar amount of Huntington's planned common stock dividends for each of the fourth through seventh quarters of the planning horizon as a percentage of risk-weighted assets, or (ii) 2.5%. As of December 31, 2020, Huntington's stress capital buffer is 2.5%.

The final rule also makes related changes to the capital planning and stress testing process. Among other changes, the revised capital plan rule eliminates the assumption that Huntington's balance sheet assets would increase over the planning horizon. In addition, provided that Huntington is otherwise in compliance with automatic restrictions on distributions under the Federal Reserve's capital rules, Huntington will no longer be required to seek prior approval to make capital distributions in excess of those included in its capital plan.

Restrictions on Dividends

Huntington is a legal entity separate and distinct from its banking and non-banking subsidiaries. Since our consolidated net income consists largely of net income of Huntington's subsidiaries, our ability to make capital distributions, including paying dividends and repurchasing shares, depends upon our receipt of dividends from these subsidiaries. Under federal law, there are various limitations on the extent to which the Bank can declare and pay dividends to Huntington, including those related to regulatory capital requirements, general regulatory oversight to prevent unsafe or unsound practices, and federal banking law requirements concerning the payment of dividends out of net profits, surplus, and available earnings. Certain contractual restrictions also may limit the ability of the Bank to pay dividends to Huntington. No assurances can be given that the Bank will, in any circumstances, pay dividends to Huntington.

Huntington's ability to declare and pay dividends to our shareholders is similarly limited by federal banking law and Federal Reserve regulations and policy. As discussed in the Capital Planning section above, a BHC may pay dividends and repurchase stock only in accordance with a capital plan that has been reviewed by the Federal Reserve and as to which the Federal Reserve has not objected. The FRB announced that certain large BHCs, including Huntington, will be permitted to make both dividend and share repurchases during the first quarter of 2021, subject to limits based on the amount of dividends paid in the second quarter of 2020 and the bank's average net income for the four preceding quarters.

Huntington must maintain the applicable stress capital buffer and the Bank must maintain the CET1 Capital Conservation Buffer of 2.5% to avoid becoming subject to restrictions on capital distributions, including dividends.

For more information on the stress buffer requirements and the Capital Conservation Buffer, see the Stress Capital Buffer Requirements and the Regulatory Capital Requirements sections above, respectively.

Federal Reserve policy provides that a BHC generally should not pay dividends unless (1) the BHC's net income over the last four quarters (net of dividends paid) is sufficient to fully fund the dividends, (2) the prospective rate of earnings retention appears consistent with the capital needs, asset quality, and overall financial condition of the BHC and its subsidiaries, and (3) the BHC will continue to meet minimum required capital adequacy ratios. Accordingly, a BHC should not pay cash dividends that can only be funded in ways that weaken the BHC's financial health, such as by borrowing. A BHC should inform the Federal Reserve reasonably in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the BHC's capital structure. BHCs should also consult with the Federal Reserve before increasing dividends or redeeming or repurchasing capital instruments. Additionally, the Federal Reserve could prohibit or limit the payment of dividends by a BHC if it determines that payment of the dividend would constitute an unsafe or unsound practice.

In response to the uncertainty caused by the COVID-19 pandemic, certain large BHCs, including Huntington, were not permitted to make share repurchases, subject to certain limited exceptions, during the third and fourth quarters of 2020, but were permitted to make dividend payments subject to limits based on the amount of dividends paid in the second quarter and the firm's average net income over the preceding four quarters. For the first quarter of 2021, provided that a BHC does not increase its common stock dividends higher than the level paid in the second quarter of 2020, BHCs, including Huntington, are permitted to pay common dividends and make share repurchases that, in the aggregate, do not exceed an amount equal to the average of the firm's net income over the four preceding calendar quarters. BHCs may also make additional share repurchases up to the amount of share issuances related to expensed employee compensation.

Volcker Rule

Under the Volcker Rule, we are prohibited from (1) engaging in short-term proprietary trading for our own account and (2) having certain ownership interests in and relationships with hedge funds or private equity funds (covered funds). The Volcker Rule regulations contain exemptions for market-making, hedging, underwriting, trading in U.S. government and agency obligations, and also permit certain ownership interests in certain types of covered funds to be retained. They also permit the offering and sponsoring of covered funds under certain conditions. The Volcker Rule regulations impose significant compliance and reporting obligations on banking entities, such as Huntington. We have put in place the compliance programs required by the Volcker Rule and have either divested or received extensions for any holdings in illiquid covered funds.

The five federal agencies implementing the Volcker Rule regulations have approved an interim final rule to permit banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities 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. As of December 31, 2020, we had no investments in trust preferred securities.

As of October 2019, the five federal agencies with rulemaking authority with respect to the Volcker Rule finalized amendments to the proprietary trading provisions of the Volcker Rule. These amendments tailor the Volcker Rule's compliance requirements to the amount of a firm's trading activity, revise the definition of trading account, clarify certain key provisions in the Volcker Rule, and modify the information companies are required to provide the federal agencies. These amendments to the Volcker Rule are not material to our investing and trading activities.

In June 2020, the five federal agencies finalized amendments to the Volcker Rule's restrictions on ownership interests in and relationships with covered funds. Among other things, these amendments permit banking entities to have relationships with and offer additional financial services to additional types of funds and investment vehicles. These requirements are not expected to have a material impact on Huntington's investing and trading activities.

Recovery and Resolution Planning

In past years, Huntington was required to submit annually to the Federal Reserve and the FDIC a resolution plan for the orderly resolution of Huntington and its significant legal entities under the U.S. Bankruptcy Code or other applicable insolvency laws in a rapid and orderly fashion in the event of future material financial distress or failure. In October 2019, the Federal Reserve and the FDIC adopted amendments to their resolution planning rule, and as a result of these amendments, Huntington is no longer required to submit a resolution plan to the Federal Reserve and the FDIC.

The Bank is required to periodically file a resolution plan with the FDIC. The public versions of the resolution plans previously submitted by Huntington and the Bank are available on the FDIC's website and, in the case of Huntington's resolution plans, also on the Federal Reserve's website.

In April 2019, the FDIC released an advanced notice of proposed rulemaking with respect to the FDIC's bank resolution plan requirements that requested comments on how to better tailor bank resolution plans to a firm's size, complexity, and risk profile, and delayed bank resolution plan submissions to the rulemaking process. The FDIC announced in January 2021 that it will resume requiring bank-level resolution plan submissions, but will not require banks to submit resolution plans without at least 12 months advance notice, and as a result, the Bank does not currently have an anticipated submission date for its next resolution plan.

Source of Strength

Huntington is required to serve as a source of financial and managerial strength to the Bank and, under appropriate conditions, to commit resources to support the Bank. This support may be required by the Federal Reserve at times when we might otherwise determine not to provide it or when doing so is not otherwise in the interests of Huntington or our shareholders or creditors. The Federal Reserve may require a BHC to make capital injections into a troubled subsidiary bank and may charge the BHC with engaging in unsafe and unsound practices if the BHC fails to commit resources to such a subsidiary bank or if it undertakes actions that the Federal Reserve believes might jeopardize the BHC's ability to commit resources to such subsidiary bank.

Under these requirements, Huntington may in the future be required to provide financial assistance to the Bank should it experience financial distress. Capital loans by Huntington to the Bank would be subordinate in right of payment to deposits and certain other debts of the Bank. In the event of Huntington's bankruptcy, any commitment by Huntington to a federal bank regulatory agency to maintain the capital of the Bank would be assumed by the bankruptcy trustee and entitled to a priority of payment.

FDIC as Receiver or Conservator of Huntington

Upon the insolvency of an insured depository institution, such as the Bank, the FDIC may be appointed as the conservator or receiver of the institution. Under the Orderly Liquidation Authority, upon the insolvency of a BHC, such as Huntington, the FDIC may be appointed as conservator or receiver of the BHC, if certain findings are made by the FDIC, the Federal Reserve, and the Secretary of the Treasury, in consultation with the President. Acting as a conservator or receiver, the FDIC would have broad powers to transfer any assets or liabilities of the institution without the approval of the institution's creditors.

Depositor Preference

The FDIA provides that, in the event of the liquidation or other resolution of an insured depository institution, including the Bank, the claims of depositors of the institution (including the claims of the FDIC as subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver would have priority over other general unsecured claims against the institution. If the Bank were to fail, insured and uninsured depositors, along with the FDIC, would have priority in payment ahead of unsecured, non-deposit creditors, including Huntington, with respect to any extensions of credit they have made to such insured depository institution.

Transactions between a Bank and its Affiliates

Federal banking laws and regulations impose qualitative standards and quantitative limitations upon certain transactions between a bank and its affiliates, including between a bank and its holding company and companies that the BHC 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 BHC may be required to provide it. The Dodd-Frank Act expanded the coverage and scope of these regulations, including by applying them to the credit exposure arising under derivative transactions, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions. Federal banking laws also place similar restrictions on loans and other extensions of credit by FDIC-insured banks, such as the Bank, and their subsidiaries to their directors, executive officers, and principal shareholders.

Lending Standards and Guidance

The federal bank regulatory agencies have adopted uniform regulations prescribing standards for extensions of credit that are secured by liens or interests in real estate or made for the purpose of financing permanent improvements to real estate. Under these regulations, all insured depository institutions, such as the Bank, must adopt and maintain written policies establishing appropriate limits and standards for extensions of credit that are secured by liens or interests in real estate or are made for the purpose of financing permanent improvements to real estate. These policies must establish loan portfolio diversification standards, prudent underwriting standards (including loan-to-value limits) that are clear and measurable, loan administration procedures, and documentation, approval and reporting requirements. The real estate lending policies must reflect consideration of the federal bank regulatory agencies' Interagency Guidelines for Real Estate Lending Policies.

Heightened Governance and Risk Management Standards

The OCC has published guidelines to set expectations for the governance and risk management practices of certain large financial institutions, including the Bank. The guidelines require covered institutions 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. As discussed in the "Risk Management and Capital" section of the MD&A, the Bank currently has a written governance framework and associated controls.

Anti-Money Laundering

The Bank Secrecy Act and the Patriot Act contain anti-money laundering and financial transparency provisions intended to detect and prevent the use of the U.S. financial system for money laundering and terrorist financing activities. The Bank Secrecy Act, as amended by the Patriot Act, requires depository institutions and their holding companies to undertake activities including maintaining an AML program, verifying the identity of customers, verifying the identity of certain beneficial owners for legal entity customers, monitoring for and reporting suspicious transactions, reporting on cash transactions exceeding specified thresholds, and responding to requests for information by regulatory authorities and law enforcement agencies. The Bank is subject to the Bank Secrecy Act and, therefore, is required to provide its employees with AML training, designate an AML compliance officer, and undergo an annual, independent audit to assess the effectiveness of its AML program. The Bank has implemented policies, procedures, and internal controls that are designed to comply with these AML requirements. Bank regulators are focusing their examinations on AML compliance, and we will continue to monitor and augment, where necessary, our AML compliance programs. The federal banking agencies are required, when reviewing bank and BHC acquisition or merger applications, to take into account the effectiveness of the AML activities of the applicant.

The Anti-Money Laundering Act of 2020, enacted on January 1, 2021 as part of the National Defense Authorization Act, does not directly impose new requirements on banks, but requires the U.S. Treasury Department to issue National Anti-Money Laundering and Countering the Financing of Terrorism Priorities, and conduct studies and issue regulations that may, over the next few years, significantly alter some of the due diligence, recordkeeping and reporting requirements that the Bank Secrecy Act and USA PATRIOT Act impose on banks. The Anti-Money Laundering Act of 2020 also contains provisions that promote increased information-sharing and use of technology, and increases penalties for violations of the Bank Secrecy Act and includes whistleblower incentives, both of which could increase the prospect of regulatory enforcement.

OFAC Regulation

OFAC is responsible for administering economic sanctions that affect transactions with designated foreign countries, nationals, and others, as defined by various Executive Orders and in various legislation. OFAC-administered sanctions take many different forms. For example, sanctions may include: (1) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on U.S. persons engaging in financial transactions relating to, making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (2) a blocking of assets in which the government or "specially designated nationals" of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction, including property in the possession or control of U.S. persons. OFAC also publishes lists of persons, organizations, and countries suspected of aiding, harboring, or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. Blocked assets, for example property and bank deposits, cannot be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences.

Data Privacy

Federal and state law contains extensive consumer privacy protection provisions. The GLBA requires financial institutions to periodically disclose their privacy policies and practices relating to sharing such information and enables retail customers to opt out of our ability to share information with unaffiliated third parties under certain circumstances. Other federal and state laws and regulations impact our ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. These security and privacy policies and procedures for the protection of personal and confidential information are in effect across all businesses and geographic locations as applicable. Federal law also makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means.

Data privacy and data protection are areas of increasing state legislative focus. For example, in June of 2018, the Governor of California signed into law the CCPA. The CCPA, which became effective on January 1, 2020, applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA gives consumers the right to request disclosure of information collected about them, and whether that information has been sold or shared with others, the right to request deletion of personal information (subject to certain exceptions), the right to opt out of the sale of the consumer's personal information, and the right not to be discriminated against for exercising these rights. The CCPA contains several exemptions, including that many, but not all, requirements of the CCPA are inapplicable to information that is collected, processed, sold, or disclosed pursuant to the GLBA. California voters also recently passed the California Privacy Rights Act, which will take effect on January 1, 2023, and significantly modifies the CCPA, including imposing additional obligations on covered companies and expanding California consumers' rights with respect to certain sensitive personal information, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. In California, the CCPA may be interpreted or applied in a manner inconsistent with our understanding or similar laws may be adopted by other states where we operate. The federal government may also pass data privacy or data protection legislation.

Like other lenders, the Bank and other of our subsidiaries use credit bureau data in their underwriting activities. Use of such data is regulated under the FCRA, and the FCRA also regulates reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Similar state laws may impose additional requirements on us and our subsidiaries.

FDIC Insurance

The DIF provides insurance coverage for certain deposits, up to a standard maximum deposit insurance amount of $250,000 per depositor and is funded through assessments on insured depository institutions, based on the risk each institution poses to the DIF. The Bank accepts customer deposits that are insured by the DIF and, therefore, must pay insurance premiums. The FDIC may increase the Bank's insurance premiums based on various factors, including the FDIC's assessment of its risk profile.

The FDIC issued a rule that requires large insured depository institutions, including the Bank, to enhance their deposit account recordkeeping and related information technology system capabilities to facilitate prompt payment of insured deposits if such an institution were to fail. The FDIC has established an initial compliance date of April 1, 2020, and allows each large insured depository institution to file for an optional extension of the compliance date for up to one year, to a date no later than April 1, 2021. Huntington filed for the optional extension and certified its compliance to the FDIC, as required by the rule, during fourth quarter 2020.

As of June 30, 2020, the DIF reserve ratio fell to 1.30%. The FDIC, as required under the Federal Deposit Insurance Act, established a plan on September 15, 2020, to restore the DIF reserve ratio to meet or exceed 1.35% within eight years. The FDIC's restoration plan projects the reserve ratio to exceed 1.35% without increasing the deposit insurance assessment rate, subject to ongoing monitoring over the next eight years. The FDIC could increase the deposit insurance assessments for certain insured depository institutions, including the Bank, if the DIF reserve ratio is not restored as projected.

Compensation

Our compensation practices are subject to oversight by the Federal Reserve and, with respect to some of our subsidiaries and employees, by other financial regulatory bodies. The scope and content of compensation regulation in the financial industry are continuing to develop, and we expect that these regulations and resulting market practices will continue to evolve over a number of years.

The federal bank regulatory agencies have issued joint guidance on executive compensation designed to ensure that the incentive compensation policies of banking organizations, such as Huntington and the Bank, do not encourage imprudent risk taking and are consistent with the safety and soundness of the organization. In addition, the Dodd-Frank Act requires the federal bank regulatory agencies and the SEC to issue regulations or guidelines requiring covered financial institutions, including Huntington and the Bank, to prohibit incentive-based payment arrangements that encourage inappropriate risks by providing compensation that is excessive or that could lead to material financial loss to the institution. A proposed rule was issued in 2016. Also pursuant to the Dodd-Frank Act, in 2015, the SEC proposed rules that would direct stock exchanges to require listed companies to implement clawback policies to recover incentive-based compensation from current or former executive officers in the event of certain financial restatements and would also require companies to disclose their clawback policies and their actions under those policies. Huntington continues to evaluate the proposed rules, both of which are subject to further rulemaking procedures.

Cybersecurity

The GLBA requires financial institutions to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information.

The CISA is intended to improve cybersecurity in the United States by enhanced sharing of information about security threats among the U.S. government and private sector entities, including financial institutions. The CISA also authorizes companies to monitor their own systems notwithstanding any other provision of law and allows companies to carry out defensive measures on their own systems from cyber-attacks. The law includes liability protections for companies that share cyber threat information with third parties so long as such sharing activity is conducted in accordance with CISA.

In October 2016, the federal bank regulatory agencies issued an ANPR regarding enhanced cyber risk management standards which would apply to a wide range of large financial institutions and their third-party service providers, including us and the Bank. The proposed rules would expand existing cybersecurity regulations and guidance to focus on cyber risk governance and management, management of internal and external dependencies, and incident response, cyber resilience, and situational awareness. In addition, the proposal contemplates more stringent standards for institutions with systems that are critical to the financial sector. The Federal Reserve announced in May 2019 that it would revisit the ANPR in the future.

In addition, in December 2020, the Federal Reserve, OCC and FDIC issued a notice of proposed rulemaking that, among other things, would require a banking organization to notify its primary federal regulators within 36 hours after identifying a "computer-security incident" that the banking organization believes in good faith could materially disrupt, degrade or impair its business or operations in a manner that would, among other things, jeopardize the viability of its operations, result in customers being unable to access their deposit and other accounts, result in a material loss of revenue, profit or franchise value, or pose a threat to the financial stability of the United States.

Community Reinvestment Act

The CRA is intended to encourage banks to help meet the credit needs of their service areas, including low- and moderate-income neighborhoods, consistent with safe and soundness practices. The relevant federal bank regulatory agency, the OCC in the Bank's case, examines each bank and assigns it a public CRA rating. A bank's record of fair lending compliance is part of the resulting CRA examination report.

The CRA requires the relevant federal bank regulatory agency to consider a bank's CRA assessment when considering the bank's application to conduct certain mergers or acquisitions or to open or relocate a branch office. The Federal Reserve also must consider the CRA record of each subsidiary bank of a BHC in connection with any acquisition or merger application filed by the BHC. An unsatisfactory CRA record could substantially delay or result in the denial of an approval or application by Huntington or the Bank. The Bank received a CRA rating of "Outstanding" in its most recent examination.

In May 2020, the OCC finalized amendments to its CRA rules, which apply to national banks, including the Bank. The OCC's final rule clarifies and expands the types of activities that qualify for positive CRA consideration, updates how banks determine assessment areas in which they are evaluated, establishes objective performance standards to evaluate CRA performance and imposes more comprehensive CRA-related data collection and reporting requirements. The Bank must comply with most of these amended requirements by January 1, 2023.

The other federal banking agencies, the FDIC and Federal Reserve, are also in the process of proposing amendments to their respective CRA rules. While FDIC and Federal Reserve CRA rules do not apply to the Bank, future rulemaking to harmonize the CRA rules of the three federal banking agencies could result in changes to CRA requirements applicable to national banks, including the Bank.

Debit Interchange Fees

We are subject to a statutory requirement that interchange fees for electronic debit transactions that are paid to or charged by payment card issuers, including the Bank, be reasonable and proportional to the cost incurred by the issuer. Interchange fees for electronic debit transactions are limited to 21 cents plus 0.05% of the transaction, plus an additional one cent per transaction fraud adjustment. These fees impose requirements regarding routing and exclusivity of electronic debit transactions, and generally require that debit cards be usable in at least two unaffiliated networks.

Consumer Protection Regulation and Supervision

We are subject to supervision and regulation by the CFPB with respect to federal consumer protection laws. We are also subject to certain state consumer protection laws, and under the Dodd-Frank Act, state attorneys general and other state officials are empowered to enforce certain federal consumer protection laws and regulations. State authorities have increased their focus on and enforcement of consumer protection rules. These federal and state consumer protection laws apply to a broad range of our activities and to various aspects of our business and include laws relating to interest rates, fair lending, disclosures of credit terms and estimated transaction costs to consumer borrowers, debt collection practices, the use of and the provision of information to consumer reporting agencies, and the prohibition of unfair, deceptive, or abusive acts or practices in connection with the offer, sale, or provision of consumer financial products and services.

The CFPB has promulgated many mortgage-related final rules since it was established under the Dodd-Frank Act, including rules related to the ability to repay and qualified mortgage standards, mortgage servicing standards, loan originator compensation standards, high-cost mortgage requirements, HMDA requirements, and appraisal and escrow standards for higher priced mortgages. The mortgage-related final rules issued by the CFPB have materially restructured the origination, servicing, and securitization of residential mortgages in the United States. These rules have impacted, and will continue to impact, the business practices of mortgage lenders, including the Company.

In January 2021, the OCC released a final rule that would require certain OCC-supervised banks to provide access to services, capital, and credit based on their risk assessment of individual customers, rather than broad-based decisions affecting whole categories or classes of customers, which includes requiring banks to make each financial service they offer available to all persons in the geographic market served by them on proportionally equal terms. The rule is scheduled to take effect on April 1, 2021. However, the OCC announced that the next confirmed Comptroller of the Currency will review the final rule, and its future remains uncertain.

Available Information

We are subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, we file annual, quarterly, and current reports, proxy statements, and other information with the SEC. The SEC maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is http://www.sec.gov. The reports and other information, including any related amendments, filed by us with, or furnished by us to, the SEC are also available free of charge at our Internet web site as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. 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 10004.

Item 1A: Risk Factors

Risk Factor Summary

Our business is subject to numerous risks and uncertainties. While there is no assurance that any lists of risks and uncertainties of risk factors is complete, below is a summary of risk factors which impact our business. This summary should be read in conjunction with the "Detailed Discussion of Risk Pillars and Risk Factors" immediately following this summary on pages 25 through 43 in this 2020 Annual Report on Form 10-K. Risks which impact our business include but are not limited to:

COVID-19 related Risk:

- The COVID-19 pandemic is adversely affecting, and will likely continue to adversely affect, our business, financial condition, liquidity, and results of operations.

Credit Risks:

- Our ACL level may prove to not be adequate or be negatively affected by credit risk exposures which could adversely affect our income and capital.

Market Risks:

- 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 an adverse impact on our cash flows, financial condition, results of operations, and capital.
- Uncertainty about the future of LIBOR may adversely affect our business.

Liquidity Risks:

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

Operational Risks:

- Our operational or security systems or infrastructure, or those of third parties, could fail or be breached, which could disrupt our business and adversely impact our operations, liquidity, and financial condition, as well as cause legal or reputational harm.
- 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.
- Failure to maintain effective internal controls over financial reporting 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.

Compliance Risks:

- We operate in a highly regulated industry, and the laws and regulations that govern our operations, corporate governance, executive compensation and financial accounting, or reporting, including changes in them, or our failure to comply with them, may adversely affect us.
- 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.

- Noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations could cause us material financial loss

Strategic Risks:

- We operate in a highly competitive industry which depends on our ability to successfully execute our strategic plan and adapt our products and services to evolving industry standards and consumer preferences.
- Bank regulations regarding capital and liquidity, including the CCAR assessment process and the U.S. 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.

Risks related to the TCF Merger:

- We are expected to incur substantial costs related to the Merger and integration.
- Combining Huntington and TCF may be more difficult, costly or time consuming than expected and Huntington and TCF may fail to realize the anticipated benefits of the Merger.
- Huntington will be subject to business uncertainties and contractual restrictions while the Merger is pending.

Detailed Discussion of Risk Pillars and Risk Factors

Huntington has formalized a holistic risk governance framework in alignment with the size, complexity, and profile of the Company. 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. Our framework is approved by the ROC of Huntington's Board of Directors (the Board). Key components include establishing our risk appetite, lines of defense and risk pillars, governance and committee oversight and limit setting and escalation processes. Huntington classifies/aggregates risk into seven risk pillars. Huntington recognizes that risks can be interrelated or embedded within each other, and therefore managing across risk pillars is a key component of the framework. The following defines the Company's risk pillars.

- ***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 our ability to liquidate assets quickly and with minimal loss in value;
- ***Operational risk***, which is the risk of loss arising from inadequate or failed internal processes or systems, including information security breaches or cyberattacks, 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;
- ***Compliance risk***, which exposes us to money penalties, enforcement actions, or other sanctions as a result of non-conformance with laws, rules, and regulations that apply to the financial services industry;
- ***Strategic risk***, which is defined as risk to current or anticipated earnings, capital, or enterprise value arising from adverse business decisions, improper implementation of business decisions or lack of responsiveness to industry / market changes; and

- ***Reputation risk***, which is the risk that negative publicity regarding an institution's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions.

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.

COVID-19 related Risk:

The COVID-19 pandemic is adversely affecting, and will likely continue to adversely affect, our business, financial condition, liquidity, and results of operations.

The COVID-19 pandemic has negatively impacted the U.S. and global economy; disrupted U.S. and global supply chains; created significant volatility and disruption in financial markets; contributed to a decrease in the rates and yields on U.S. Treasury securities; resulted in ratings downgrades, credit deterioration, and defaults in many industries; increased demands on capital and liquidity; and increased unemployment levels and decreased consumer confidence. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities, including those in our footprint. The pandemic has caused us, and could continue to cause us, to recognize credit losses in our loan portfolios and increases in our allowance for credit losses. Furthermore, the pandemic could cause us to recognize impairment of our goodwill and our financial assets. Sustained adverse effects may also increase our cost of capital, prevent us from satisfying our minimum regulatory capital ratios and other supervisory requirements, or result in downgrades in our credit ratings. The extent to which the COVID-19 pandemic impacts our business, financial condition, liquidity, and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the continued effectiveness of our business continuity plan, the direct and indirect impact of the pandemic on our customers, colleagues, counterparties and service providers, and actions taken by governmental authorities and other third parties in response to the pandemic.

Governmental authorities have taken significant measures to provide economic assistance to individual households and businesses, stabilize the markets, and support economic growth. The success of these measures is unknown, and they may not be sufficient to fully mitigate the negative impact of the pandemic. Additionally, some measures, such as a suspension of consumer and commercial loan payments and the reduction in interest rates to near zero, may have a negative impact on our business, financial condition, liquidity, and results of operations. We also face an increased risk of litigation and governmental and regulatory scrutiny as a result of the effects of the pandemic on market and economic conditions and actions governmental authorities take in response to those conditions.

The COVID-19 pandemic has resulted in heightened operational risks. Many of our colleagues have been working remotely, and increased levels of remote access create additional cybersecurity risk and opportunities for cybercriminals to exploit vulnerabilities. Cybercriminals may increase their attempts to compromise business emails, including an increase in phishing attempts, and fraudulent vendors or other parties may view the pandemic as an opportunity to prey upon consumers and businesses during this time. The increase in online and remote banking activities may also increase the risk of fraud in certain instances.

The length of the pandemic and the effectiveness of the measures being put in place to address it are unknown. Until the effects of the pandemic subside, we expect continued draws on lines of credit, reduced revenues in our businesses, and increased customer defaults. Furthermore, the U.S. economy is experiencing a recession as a result of the pandemic, and our business could be materially and adversely affected by a prolonged recession. To the extent the pandemic adversely affects our business, financial condition, liquidity, or results of operations, it may also have the effect of heightening many of the other risks described in this 2020 Annual Report on Form 10-K.

We have also participated as a lender in certain government programs designed to provide economic relief in response to the pandemic. We are participating in the SBA's PPP as an eligible lender, and while these loans to small business clients benefit from a government guaranty, many of these businesses may face difficulties even after being granted such a loan. We also participated in the Federal Reserve's Main Street Lending Program. As a result of participating in these programs, we face increased risks, including credit, fraud risk and litigation.

Credit Risks:

Our ACL level may prove to not be adequate or be negatively affected by credit risk exposures which could adversely affect our net income and capital.

Effective January 1, 2020, Huntington adopted ASU 2016-13 Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments. Upon adoption of ASU 2016-13, Huntington implemented new credit loss models within our loan and lease portfolio which incorporated historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. The models materially affected how we determine our ACL and report our financial condition and results of operations. For further discussion, see Note 2 "Accounting Standards Update" of the Notes to Consolidated Financial Statements.

Our business depends on the creditworthiness of our customers. Our ACL of $1.9 billion at December 31, 2020, represented management's estimate of the current expected losses in our loan and lease portfolio (ALLL) as well as our unfunded loan commitments and letters of credit (AULC). We regularly review our ACL for appropriateness. In doing so, we consider probability of default, loss given default and exposure at default depending on economic parameters for each month of the remaining contractual term of the credit exposure. The economic parameters are developed using available information relating to past events, current conditions, and reasonable and supportable forecasts. There is no certainty that our ACL will be appropriate over time to cover lifetime losses of 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.

Weakness in economic conditions could 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:

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 an 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. In addition, decisions by the Federal Reserve to increase or reduce the size of its balance sheet 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.

Changes in interest rates can affect the value of loans, securities, assets under management, and other assets, including mortgage 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. 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 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.

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.

In response to the economic consequences of the COVID-19 pandemic, the Federal Reserve lowered its target for the federal funds rate to a range of 0% to 0.25%. Such low rates increase the risk in the U.S. of a negative interest rate environment in which interest rates drop below zero, either broadly or for some types of instruments. For example, yields on one-month and three-month Treasuries briefly dropped below zero in March 2020. Such an occurrence would likely further reduce the interest we earn on loans and other earning assets, while also likely requiring us to pay more to maintain our deposits with the Federal Reserve Bank. Although, we have evaluated our systems and have made appropriate changes, our systems may not be able to adequately handle a negative interest rate environment and not all variable rate instruments are designed for such a circumstance. We cannot predict the nature or timing of future changes in monetary policies in response to the outbreak or the precise effects that they may have on our activities and financial results.

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.

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. 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. Technological advances have made it possible for our non-bank competitors to offer products and services that traditionally were banking products and for financial institutions and other companies to provide electronic and internet-based financial solutions, including mobile payments, online deposit accounts, electronic payment processing, and marketplace lending, without having a physical presence where their customers are located. Legislative or regulatory changes also could lead to increased competition in the financial services sector. For example, the Economic Growth Act and the Tailoring Rules reduce the regulatory burden of certain large BHCs and raise the asset thresholds at which more onerous requirements apply, which could cause certain large BHCs to become more competitive or to more aggressively pursue expansion. Our ability to compete successfully depends on a number of factors, including customer convenience, quality of service by investing in new products and services, electronic platforms, 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.

Uncertainty about the future of LIBOR may adversely affect our business.

LIBOR and certain other interest rate “benchmarks” are the subject of recent national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. On November 30, 2020, the ICE Benchmark Administration, the administrator of LIBOR, announced it will consult on its intention to cease the publication of one-week and two-month tenors of USD LIBOR after December 31, 2021, while all remaining tenors of USD LIBOR would continue to be published until June 30, 2023. Therefore, it is expected that publication of all USD LIBORs will cease to exist after June 30, 2023. In parallel, the Federal Reserve, OCC and FDIC issued guidance encouraging banks to transition away from USD LIBOR as soon as practicable. The statement suggested that banks should not enter into new transactions referencing USD LIBOR after December 31, 2021.

While there is no consensus on what rate or rates may become accepted alternatives to LIBOR, a group of market participants convened by the Federal Reserve, the Alternative Reference Rate Committee (ARRC), has selected SOFR as its recommended alternative to LIBOR. The Federal Reserve Bank of New York started to publish SOFR in April 2018. SOFR is a broad measure of the cost of overnight borrowings collateralized by Treasury securities that was selected by the Alternative Reference Rate Committee due to the depth and robustness of the U.S. Treasury repurchase market. At this time, it is impossible to predict whether SOFR will become an accepted alternative to LIBOR. In January of 2020, Huntington was added as an ARRC member.

The market transition away from LIBOR to an alternative reference rate, such as SOFR, is complex and could have a range of adverse effects on our business, financial condition and results of operations. In particular, any such transition could:

- Adversely affect the interest rates paid or received on, the revenue and expenses associated with or the value of Huntington’s LIBOR-based assets and liabilities, which include certain variable rate loans, Huntington’s Series B preferred stock, certain of Huntington’s junior subordinated debentures, certain of the Bank’s senior notes and certain other securities or financial arrangements;
- Adversely affect the interest rates paid or received on, the revenue and expenses associated with or the value of other securities or financial arrangements, given LIBOR’s role in determining market interest rates globally;
- Prompt inquiries or other actions from regulators in respect of Huntington’s preparation and readiness for the replacement of LIBOR with an alternative reference rate; and
- Result in disputes, litigation or other actions with counterparties regarding the interpretation and enforceability of certain fallback language in LIBOR-based contracts and securities.

The transition away from LIBOR to an alternative reference rate will require the transition to or development of appropriate systems and analytics to effectively transition Huntington’s risk management and other processes from LIBOR-based products to those based on the applicable alternative reference rate, such as SOFR. Huntington has developed a LIBOR transition team and project plan that outlines timelines and priorities to prepare its processes, systems and people to support this transition. Timelines and priorities include assessing the impact on our customers, as well as assessing system requirements for operational processes. There can be no guarantee that these efforts will successfully mitigate the operational risks associated with the transition away from LIBOR to an alternative reference rate.

The manner and impact of the transition from LIBOR to an alternative reference rate, as well as the effect of these developments on our funding costs, loan and investment and trading securities portfolios, asset-liability management, and business, is uncertain.

Liquidity Risks:

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.

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, liquidity requirements, etc.), changes in the financial condition of Huntington, other banks, or the banking industry in general, changes in the interest rates our competitors pay on their deposits, 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.

We are a holding company and depend on dividends by our subsidiaries for most of our funds.

Huntington is an entity separate and distinct from the Bank. The Bank conducts most of our operations, and Huntington depends upon dividends from the Bank to service Huntington's debt and to pay dividends to Huntington's shareholders. The availability of dividends from the Bank is limited by various statutes and regulations. It is possible, depending upon the financial condition including liquidity and capital adequacy of the Bank and other factors, that the OCC could limit the payment of dividends or other payments to Huntington by the Bank. In addition, the payment of dividends by our other subsidiaries is also subject to the laws of the subsidiary's state of incorporation, and regulatory capital and liquidity requirements applicable to such subsidiaries. In the event that the Bank was unable to pay dividends to us, we in turn would likely have to reduce or stop paying dividends on our Preferred and Common Stock. Our failure to pay dividends on our Preferred and Common Stock could have a material adverse effect on the market price of our Preferred and Common Stock. Additional information regarding dividend restrictions is provided in Item 1: Business - Regulatory Matters.

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 can 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 FHLB, 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 Huntington and the Bank. 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.

A reduction in our credit rating could adversely affect our access to capital and could increase our cost of funds.

The credit rating agencies regularly evaluate Huntington and the Bank, and credit ratings are based on a number of factors, including our financial strength and ability to generate earnings, as well as factors not entirely within our control, including conditions affecting the financial services industry, the economy, and changes in rating methodologies. There can be no assurance that we will maintain our current credit ratings. A downgrade of the credit ratings of Huntington or the Bank could adversely affect our access to liquidity and capital, and could significantly increase our cost of funds, trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing to lend to us or purchase our securities. This could affect our growth, profitability, and financial condition, including liquidity.

Operational Risks:

Our operational or security systems or infrastructure, or those of third parties, could fail or be breached, which could disrupt our business and adversely impact our operations, liquidity, and financial condition, as well as cause legal or reputational harm.

The potential for operational risk exposure exists throughout our business and, as a result of our interactions with, and reliance on, third parties, is not limited to our own internal operational functions. Our operational and security systems and infrastructure, including our computer systems, data management, and internal processes, as well as those of third parties, are integral to our performance. We rely on our employees and third parties in our day-to-day and ongoing operations, who may, as a result of human error, misconduct, malfeasance, failure, or breach of our or of third-party systems or infrastructure, expose us to risk. For example, our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact or upon whom we rely. Our financial, accounting, data processing, backup, or other operating or security systems and infrastructure may fail to operate properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control, which could adversely affect our ability to process transactions or provide services. Such events may include: sudden increases in customer transaction volume; electrical, telecommunications, or other major physical infrastructure outages; disease pandemics; cyber-attacks; and events arising from local or larger scale political or social matters, including wars and terrorist attacks. Additional events beyond our control that could impact our business directly or indirectly include natural disasters such as earthquakes and weather events, including tornadoes, hurricanes and floods. Neither the occurrence nor the potential impact of these events can be predicted, and the frequency and severity of weather events may be impacted by climate changes. In addition, we may need to take our systems off-line if they become infected with malware or a computer virus or as a result of another form of cyber-attack. In the event that backup systems are utilized, they may not process data as quickly as our primary systems and some data might not have been saved to backup systems, potentially resulting in a temporary or permanent loss of such data. In addition, our ability to implement backup systems and other safeguards with respect to third-party systems is more limited than with respect to our own systems. We frequently update our systems to support our operations and growth and to remain compliant with applicable laws, rules, and regulations. This updating entails significant costs and creates risks associated with implementing new systems and integrating them with existing ones, including business interruptions. Implementation and testing of controls related to our computer systems, security monitoring, and retaining and training personnel required to operate our systems also entail significant costs. Operational risk exposures could adversely impact our operations, liquidity, and financial condition, as well as cause reputational harm. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption.

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 and those of third parties, on which we are highly dependent, are subject to security risks and could be susceptible to cyber-attacks, such as denial of service attacks, hacking, terrorist activities, or identity theft. Our business relies on the secure processing, transmission, storage, and retrieval of confidential, proprietary, and other information in our computer and data management systems and networks, and in the computer and data management systems and networks of third parties. In addition, to access our network, products, and services, our customers and other third parties may use personal mobile devices or computing devices that are outside of our network environment and are subject to their own cybersecurity risks.

We, our customers, regulators, and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyber-attacks. These cyber-attacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, ransomware, improper access by employees or vendors, attacks on personal email of employees, ransom demands to not expose security vulnerabilities in our systems or the systems of third parties or other security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of confidential, proprietary, and other information of ours, our employees, our customers, or of third parties, damage our systems or otherwise materially disrupt our or our customers' or other third parties' network access or business operations. As cyber-threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or incidents. Despite efforts to ensure the integrity of our systems and implement controls, processes, policies, and other protective measures, we may not be able to anticipate all security breaches, nor may we be able to implement sufficient preventive measures against such security breaches, which may result in material losses or consequences for us.

Cybersecurity risks for banking organizations have significantly increased in recent years in part because of the proliferation of new technologies, and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cybersecurity 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. In addition, cybersecurity risks have significantly increased in recent years in part due to the increased sophistication and activities of organized crime affiliates, terrorist organizations, hostile foreign governments, disgruntled employees or vendors, activists, and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise. Due to increasing geopolitical tensions, nation state cyber attacks and ransomware are both increasing in sophistication and prevalence. Targeted social engineering and email attacks (i.e. "spear phishing" attacks) are becoming more sophisticated and are extremely difficult to prevent. In such an attack, an attacker 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. 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 may not be recognized until well after a breach has occurred. The speed at which new vulnerabilities are discovered and exploited often before security patches are published continues to rise. The risk of a security breach caused by a cyber-attack at a vendor or by unauthorized vendor access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third-party vendors with access to our data may not be disclosed to us in a timely manner.

We also face indirect technology, cybersecurity, and operational risks relating to the customers, clients, and other third parties with whom we do business or upon whom we rely to facilitate or enable our business activities, including, for example, financial counterparties, regulators, and providers of critical infrastructure such as internet access and electrical power. As a result of increasing consolidation, interdependence, and complexity of financial entities and technology systems, a technology failure, cyber-attack, or other information or security breach that significantly degrades, deletes, or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including us. This consolidation, interconnectivity, and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated, often on an accelerated basis. Any third-party technology failure, cyber-attack, or other information or security breach, termination, or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk, or expand our business.

Cyber-attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. Hacking of personal information and identity theft risks, in particular, could cause serious reputational harm. A successful penetration or circumvention of system security could cause us serious negative consequences, including our loss of customers and business opportunities, costs associated with maintaining business relationships after an attack or breach; significant business disruption to our operations and business, misappropriation, exposure, or destruction of our confidential information, intellectual property, funds, and/or those of our customers; or damage to our or our customers' and/or third parties' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition. In addition, we may not have adequate insurance coverage to compensate for losses from a cybersecurity event.

Cybersecurity and data privacy are areas of heightened legislative and regulatory focus.

As cybersecurity and data privacy risks for banking organizations and the broader financial system have significantly increased in recent years, cybersecurity and data privacy issues have become the subject of increasing legislative and regulatory focus. The federal bank regulatory agencies have proposed regulations that would enhance cyber risk management standards, which would apply to a wide range of large financial institutions and their third-party service providers, including us and the Bank, and would focus on cyber risk governance and management, management of internal and external dependencies, and incident response, cyber resilience, and situational awareness. Several states have also proposed or adopted cybersecurity legislation and regulations, which require, among other things, notification to affected individuals when there has been a security breach of their personal data. For more information regarding cybersecurity and data privacy, refer to Item 1: Business - "Regulatory Matters".

We receive, maintain, and store non-public personal information of our customers and counterparties, including, but not limited to, personally identifiable information and personal financial information. The sharing, use, disclosure, and protection of these types of information are governed by federal and state law. Both personally identifiable information and personal financial information are increasingly subject to legislation and regulation, the intent of which is to protect the privacy of personal information and personal financial information that is collected and handled. For example, in June of 2018, the Governor of California signed into law the CCPA. The CCPA, which became effective on January 1, 2020, applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. For more information regarding data privacy laws and regulations, refer to Item 1: Business - "Regulatory Matters".

We may become subject to new legislation or regulation concerning cybersecurity or the privacy of personally identifiable information and personal financial information or of any other information we may store or maintain. We could be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or require changes to our business practices or privacy policies. If cybersecurity, data privacy, data protection, data transfer, or data retention laws are implemented, interpreted, or applied in a manner inconsistent with our current practices, we may be subject to fines, litigation, or regulatory enforcement actions or ordered to change our business practices, policies, or systems in a manner that adversely impacts our operating results.

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 employees, accounting systems, and technology platforms from 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. Acquisitions may be 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 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.

Failure to maintain effective internal controls over financial reporting 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. 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 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.

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 expected lifetime credit 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, inaccurate 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 are insufficient.

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, 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.

Changes in accounting policies, standards, and interpretations could 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.

For further discussion, see Note 2 - "Accounting Standards Update" to the Consolidated Financial Statements.

Impairment of goodwill could require charges to earnings, which could result in a negative impact on our results of operations.

Our goodwill could become impaired in the future. If goodwill were to become impaired, it could limit the ability of the Bank to pay dividends to Huntington, adversely impacting Huntington liquidity and ability to pay dividends or repay debt. The most significant assumptions affecting our goodwill impairment evaluation are variables including the market price of our Common Stock, projections of earnings, the discount rates used in the income approach to fair value, and the control premium above our current stock price that an acquirer would pay to obtain control of us. We are required to test goodwill for impairment at least annually or when impairment indicators are present. If an impairment determination is made in a future reporting period, our earnings and book value of goodwill will be reduced by the amount of the impairment. If an impairment loss is recorded, it will have little or no impact on the tangible book value of our Common Stock, or our regulatory capital levels, but such an impairment loss could significantly reduce the Bank's earnings and thereby restrict the Bank's ability to make dividend payments to us without prior regulatory approval, because Federal Reserve policy states the bank holding company dividends should be paid from current earnings. At December 31, 2020, the book value of our goodwill was $2.0 billion, substantially all of which was recorded at the Bank. Any such write down of goodwill or other acquisition related intangibles will reduce Huntington's earnings, as well.

Compliance Risks:

We operate in a highly regulated industry, and the laws and regulations that govern our operations, corporate governance, executive compensation and financial accounting, or reporting, including changes in them, or our failure to comply with them, may adversely affect us.

The banking industry is highly regulated. We are subject to supervision, regulation, and examination by various federal and state regulators, including the Federal Reserve, OCC, SEC, CFPB, FDIC, FINRA, and various state regulatory agencies. The statutory and regulatory framework that governs us is generally intended to protect depositors and customers, the DIF, the U.S. banking and financial system, and financial markets as a whole - not to protect shareholders. These laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on our business activities (including foreclosure and collection practices), limit the dividend or distributions that we can pay, restrict the ability of institutions to guarantee our debt, and impose certain specific accounting requirements that may be more restrictive and may result in greater or earlier charges to earnings or reductions in our capital than accounting principles generally accepted in the United States. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. Both the scope of the laws and regulations and the intensity of the supervision to which we are subject have increased in recent years in response to the financial crisis, as well as other factors such as technological and market changes. Such regulation and supervision may increase our costs and limit our ability to pursue business opportunities. Further, our failure to comply with these laws and regulations, even if the failure was inadvertent or reflects a difference in interpretation, could subject us to restrictions on our business activities, fines, and other penalties, any of which could adversely affect our results of operations, capital base, and the price of our securities. Further, any new laws, rules, and regulations could make compliance more difficult or expensive or otherwise adversely affect our business and financial condition.

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.

Both the scope of the laws and regulations and the intensity of the supervision to which we are subject increased in response to the financial crisis as well as other factors such as technological and market changes. Regulatory enforcement and fines have also increased across the banking and financial services sector. Compliance with these laws and regulations have resulted in 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, especially those that apply to our consumer operations, which has been an area of heightened focus, 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.

We expect that the Biden Administration will seek to implement a regulatory reform agenda that is significantly different than that of the Trump Administration. This reform agenda could include a heightened focus on fair lending, the regulation of loan portfolios and credit concentrations to borrowers impacted by climate change, heightened scrutiny on Bank Secrecy Act and AML requirements, topics related to social equity, executive compensation, and increased capital and liquidity, as well as limits on share buybacks and dividends. In addition, mergers and acquisitions could be dampened by increased antitrust scrutiny. We also expect reform proposals for the short-term wholesale markets. It is too early for us to assess which, if any of these policies, would be implemented and what their impact on our business would be.

The resolution of significant pending litigation, if unfavorable, could have an 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.

For more information on litigation risks, see Note 23 - "Commitments and Contingent Liabilities" to the Consolidated Financial Statements.

Noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations could cause us material financial loss.

The Bank Secrecy Act and the Patriot Act contain anti-money laundering and financial transparency provisions intended to detect and prevent the use of the U.S. financial system for money laundering and terrorist financing activities. The Bank Secrecy Act, as amended by the Patriot Act, requires depository institutions and their holding companies to undertake activities including maintaining an anti-money laundering program, verifying the identity of clients, monitoring for and reporting suspicious transactions, reporting on cash transactions exceeding specified thresholds, and responding to requests for information by regulatory authorities and law enforcement agencies. FinCEN, a unit of the Treasury Department that administers the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the federal bank regulatory agencies, as well as the United States Department of Justice, Drug Enforcement Administration, and IRS.

There is also increased scrutiny of compliance with the rules enforced by the OFAC. If our policies, procedures, and systems are deemed deficient or the policies, procedures, and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain planned business activities, including acquisition plans, which would negatively impact our business, financial condition, and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us.

For more information regarding the Bank Secrecy Act, Patriot Act, anti-money laundering requirements and OFAC-administered sanctions, refer to Item 1: Business - "Regulatory Matters".

Strategic Risk:

We operate in a highly competitive industry which depends on our ability to successfully execute our strategic plan and adapt our products and services to evolving industry standards and consumer preferences.

We are subject to intense competition from both other financial institutions and from non-bank entities, including FinTech companies. Technology has lowered the barriers to entry, with customers having a growing variety of traditional and nontraditional alternatives, including crowdfunding, digital wallets and money transfer services. The continuous widespread adoption of new technologies, including internet services and mobile applications, and advanced ATM functionality, is influencing how individuals and firms conduct their financial affairs and is changing the delivery channels for financial services. Our "People-First, Digitally-Powered" strategic plan considers the implications of these changes in technology. Additionally, these changes require us to adapt our product and services, as well as our distribution of them, to evolving industry standards and customer preferences. Failure to address competitive pressures could make it more difficult for us to attract and retain customers across our businesses.

Our success depends, in part, on our ability to successfully implement our strategic plan as well as adapt existing products and services and develop competitive new products and services demanded by our customers. The widespread adoption of technologies will continue to require substantial investments to modify or adapt existing products and services and to develop new product or services. Additionally, we may not be successful in executing our strategic plan, introducing new products or services, achieving market acceptance of new product or services, anticipating or reacting to customers changing preferences or attracting and retaining loyal customers.

We depend on our executive officers and key personnel to continue the implementation of our long-term business strategy and could be harmed by the loss of their services.

We believe that our continued growth and future success will depend in large part on the skills of our management team and our ability to motivate and retain these individuals and other key personnel. The loss of service of one or more of our executive officers or key personnel could reduce our ability to successfully implement our long-term business strategy, our business could suffer, and the value of our stock could be materially adversely affected. Leadership changes will occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit additional qualified personnel. We believe our management team possesses valuable knowledge about the banking industry and that their knowledge and relationships would be very difficult to replicate. Our success also depends on the experience of our branch managers and lending officers and on their relationships with the customers and communities they serve. The loss of these key personnel could negatively impact our banking operations. The loss of key personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition, or operating results.

Bank regulations regarding capital and liquidity, including the CCAR assessment process and the U.S. 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 CCAR, a periodic forward-looking quantitative assessment of Huntington's capital adequacy and planned capital distributions and a review of the strength of Huntington's practices to assess capital needs. The Federal Reserve 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 after making all capital actions included in Huntington's capital plan, under baseline and stressful conditions throughout a nine-quarter planning horizon. The CCAR process is also used to determine Huntington's stress capital buffer requirement. There can be no assurance that the Federal Reserve or OCC will respond favorably to our capital plans, planned capital actions or stress test results, 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.

We are also required to maintain minimum capital ratios and the Federal Reserve and OCC may determine that Huntington and/or the Bank, based on size, complexity, or risk profile, must maintain capital ratios above these minimums in order to operate in a safe and sound manner. In the event we are required to raise capital to maintain required minimum capital and leverage ratios or ratios above the required applicable minimums, we may be forced to do so when market conditions are undesirable or on terms that are less favorable to us than we would otherwise require. Furthermore, in order to prevent becoming subject to restrictions on our ability to distribute capital or make certain discretionary bonus payments to management, the Bank must maintain a Capital Conservation Buffer of 2.5%, and Huntington must maintain the applicable stress capital buffer determined as part of the CCAR process, which are in addition to our required minimum capital ratios.

For more information regarding CCAR, stress testing, and capital and liquidity requirements, refer to Item 1: Business - "Regulatory Matters".

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, FINRA, and various state regulatory agencies. As such, we are subject to a wide variety of laws and regulations, many of which are discussed in Item 1: Business - "Regulatory Matters". 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.

Under the supervision of the CFPB, our Consumer and Business Banking products and services are subject to heightened 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. Also, federal and state regulators have been increasingly focused on sales practices of branch personnel, including taking regulatory action against other financial institutions. 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, increase the cost of collection, cause harm to our reputation, or otherwise adversely affect our consumer businesses.

In addition, we are allowed to conduct certain activities that are financial in nature by virtue of Huntington’s status as an FHC, as discussed in more detail in Item 1. Regulatory Matters. If Huntington or the Bank cease to meet the requirements necessary for Huntington to continue to qualify as an FHC, 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 FHC. 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 a BHC but not an FHC.

Reputation Risk:

Damage to our reputation could significantly harm our business, including our competitive position and business prospects.

Our ability to attract and retain customers, clients, investors, and employees is affected by our reputation. Significant harm to our reputation can arise from various sources, including officer, director or employee misconduct, actual or perceived unethical behavior, conflicts of interest, security breaches, litigation or regulatory outcomes, compensation practices, failing to deliver minimum or required standards of service and quality, failing to address customer and agency complaints, compliance failures, unauthorized release of personal, proprietary or confidential information due to cyber-attacks or otherwise, perception of our environmental, social and governance practices and disclosures, and the activities of our clients, customers, and counterparties, including vendors. Actions by the financial service industry generally or by institutions or individuals in the industry can adversely affect our reputation indirectly by association. In addition, adverse publicity or negative information posted on social media, whether or not factually correct, may affect our business prospects. All of these could adversely affect our growth, results of operation, and financial condition.

Risks related to the TCF Merger:

We are expected to incur substantial costs related to the Merger and integration.

We have incurred and expect to incur a number of non-recurring costs associated with the Merger. These costs include legal, financial advisory, accounting, consulting and other advisory fees, severance/employee benefit-related costs, public company filing fees and other regulatory fees and financial printing and other related costs. Some of these costs are payable by us regardless of whether or not the Merger is completed.

The combined company is expected to incur substantial costs in connection with the related integration. There are a large number of processes, policies, procedures, operations, technologies and systems that may need to be integrated, including purchasing, accounting and finance, payroll, compliance, treasury management, branch operations, vendor management, risk management, lines of business, pricing and benefits. While we have assumed that a certain level of costs will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the integration costs. Moreover, many of the costs that will be incurred are, by their nature, difficult to estimate accurately. These integration costs may result in the combined company taking charges against earnings following the completion of the Merger, and the amount and timing of such charges are uncertain at present.

Combining Huntington and TCF may be more difficult, costly or time consuming than expected and Huntington and TCF may fail to realize the anticipated benefits of the Merger.

The success of the Merger will depend, in part, on the ability to realize the anticipated cost savings from combining the businesses of Huntington and TCF. To realize the anticipated benefits and cost savings from the Merger, Huntington and TCF must successfully integrate and combine their businesses in a manner that permits those cost savings to be realized. If Huntington and TCF are not able to successfully achieve these objectives, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. In addition, the actual cost savings and anticipated benefits of the Merger could be less than anticipated, and integration may result in additional unforeseen expenses.

Huntington and TCF have operated and, until the completion of the Merger, must continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the companies' ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the Merger. Integration efforts between the two companies may also divert management attention and resources. In addition, the impacts of the COVID-19 pandemic may make it more costly or more difficult to integrate the businesses of Huntington and TCF, which, in turn, may make it more difficult for the combined company to realize anticipated synergies or cost savings in the amounts estimated or in the timeframe contemplated or at all. These integration matters could have an adverse effect on each of Huntington and TCF during this transition period and for an undetermined period after completion of the Merger on the combined company.

The future results of the combined company following the Merger may suffer if the combined company does not effectively manage its expanded operations.

Following the Merger, the size of the business of the combined company will increase significantly beyond the current size of either Huntington's or TCF's business. The combined company's future success will depend, in part, upon its ability to manage this expanded business, which may pose challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. The combined company may also face increased scrutiny from governmental authorities as a result of the significant increase in the size of its business. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements or other benefits currently anticipated from the Merger.

The combined company may be unable to retain Huntington or TCF personnel successfully while the Merger is pending or after the Merger is completed.

The success of the Merger will depend in part on the combined company's ability to retain key employees currently employed by Huntington and TCF. It is possible that these employees may decide not to remain with Huntington or TCF, as applicable, while the Merger is pending or with the combined company after the Merger is consummated. If Huntington and TCF are unable to retain key employees, including management, who are critical to the successful integration and future operations of the companies, Huntington and TCF could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know-how and unanticipated additional recruitment costs. In addition, if key employees terminate their employment, the combined company's business activities may be adversely affected and management's attention may be diverted from successfully integrating Huntington and TCF to hiring suitable replacements, all of which may cause the combined company's business to suffer. In addition, Huntington and TCF may not be able to locate or retain suitable replacements for any key employees who leave either company.

The COVID-19 pandemic may delay and adversely affect the completion of the Merger.

The COVID-19 pandemic has created economic and financial disruptions that have adversely affected, and are likely to continue to adversely affect, the business, financial condition, liquidity, capital and results of operations of Huntington and TCF. If the effects of the COVID-19 pandemic cause continued or extended decline in the economic environment and the financial results of Huntington or TCF, or the business operations of Huntington or TCF are further disrupted as a result of the COVID-19 pandemic, efforts to complete the Merger and integrate the businesses of Huntington and TCF may also be delayed and adversely affected. Additional time may be required to obtain the requisite regulatory approvals, and the Federal Reserve, the OCC and/or other regulators may impose additional requirements on Huntington or TCF that must be satisfied prior to completion of the Merger, which could delay and adversely affect the completion of the Merger.

Regulatory approvals 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 Merger.

Before the Merger and the Bank Merger may be completed, various approvals, consents and non-objections must be obtained from the Federal Reserve, the OCC and other regulatory authorities. These approvals could be delayed or not obtained at all, including due to any or all of the following: an adverse development in either party's regulatory standing, or any other factors considered by regulators in granting such approvals; governmental, political or community group inquiries, investigations or opposition; changes in legislation or the political environment, including as a result of changes of the U.S. executive administration, Congressional leadership and regulatory agency leadership; or impacts and disruptions resulting from the COVID-19 pandemic.

The approvals that are granted may impose terms and conditions, limitations, obligations or costs, require branch divestitures, or place restrictions on the conduct of the combined company's business or require changes to the terms of the transactions contemplated by the Merger Agreement. There can be no assurance that regulators will not impose any such conditions, limitations, obligations or restrictions or that such conditions, limitations, obligations or restrictions will not have the effect of delaying the completion of any of the transactions contemplated by the Merger Agreement, imposing additional material costs on or materially limiting the revenues of the combined company following the Merger or will otherwise reduce the anticipated benefits of the Merger. In addition, there can be no assurance that any such conditions, limitations, obligations or restrictions will not result in the delay or abandonment of the Merger. Additionally, the completion of the Merger is conditioned on the absence of certain orders, injunctions or decrees by any governmental entity of competent jurisdiction that would prohibit or make illegal the completion of any of the transactions contemplated by the Merger Agreement.

Despite the parties' commitments to use their reasonable best efforts to respond to any request for information and resolve any objection that may be asserted by any governmental entity with respect to the Merger Agreement, neither Huntington, TCF nor their respective subsidiaries is required under the terms of the Merger Agreement to take any action, or commit to take any action, or agree to any condition or restriction in connection with obtaining these approvals, that would reasonably be likely to have a material adverse effect on the combined company and its subsidiaries, taken as a whole, after giving effect to the Merger.

Termination of the Merger Agreement could negatively affect Huntington.

If the Merger is not completed for any reason, including as a result of Huntington shareholders or TCF shareholder failing to approve the proposal for the Merger, there may be various adverse consequences and Huntington may experience negative reactions from the financial markets and from their customers and employees. For example, Huntington's businesses may have been affected adversely by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger. If the Merger Agreement is terminated under certain circumstances, Huntington may be required to pay a termination fee of $238.8 million to TCF.

Additionally, Huntington has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the Merger Agreement, including legal, accounting and financial advisory costs, as well as the costs and expenses of filing, printing and mailing the joint proxy statement/prospectus for the Merger, and all filing and other fees paid to the SEC in connection with the Merger. If the Merger is not completed, Huntington would have to pay these expenses without realizing the expected benefits of the Merger.

Huntington will be subject to business uncertainties and contractual restrictions while the Merger is pending.

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on Huntington. These uncertainties may impair Huntington's ability to attract, retain and motivate key personnel until the Merger is completed, and could cause customers and others that deal with Huntington to seek to change existing business relationships with Huntington. In addition, subject to certain exceptions, Huntington has agreed to operate its business in the ordinary course prior to closing, and has agreed not to take certain actions, which could cause Huntington to be unable to pursue other beneficial opportunities that may arise prior to the completion of the Merger.

Shareholder litigation could prevent or delay the closing of the Merger or otherwise negatively affect the business and operations of Huntington.

Huntington may incur costs in connection with the defense or settlement of any shareholder lawsuits filed in connection with the Merger. Such litigation could have an adverse effect on the financial condition and results of operations of Huntington and could prevent or delay the consummation of the Merger.

The Merger Agreement subjects Huntington to certain restrictions on its business activities prior to the Effective Time.

The Merger Agreement subjects Huntington to certain restrictions on its business activities prior to the Effective Time. Subject to certain specified exceptions, the Merger Agreement obligates Huntington to, and to cause each of its subsidiaries to, take no action that would reasonably be likely to adversely affect or delay the ability of either Huntington or TCF to obtain any necessary approvals of any regulatory agency or other governmental entity required for the transactions contemplated by the Merger Agreement or to perform its respective covenants and agreements under the Merger Agreement or to consummate the transactions contemplated by the Merger Agreement on a timely basis. These restrictions could prevent Huntington from pursuing certain business opportunities that arise prior to the Effective Time.

The COVID-19 pandemic's impact on the combined company's business and operations is uncertain.

The extent to which the COVID-19 pandemic will negatively affect the business, financial condition, liquidity, capital and results of operations of the combined company will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic, the direct and indirect impact of the COVID-19 pandemic on employees, clients, counterparties and service providers, as well as other market participants, and actions taken by governmental authorities and other third parties in response to the COVID-19 pandemic. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 pandemic on the combined company's business, and there is no guarantee that efforts by the combined company to address the adverse impacts of the COVID-19 pandemic will be effective.

Even after the COVID-19 pandemic has subsided, the combined company may continue to experience adverse impacts to its business as a result of the COVID-19 pandemic's global economic impact, including reduced availability of credit, adverse impacts on liquidity and the negative financial effects from any recession or depression that may occur.

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 22%. 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% in the building.

Our other major properties consist of the following:

Description	Location	Primary Business Segment	Utilization of Property for HBI purposes	Own	Lease
Tower Building - Office	Akron, OH	Regional Leadership, Commercial Banking, Business Banking, Private Client Banking, Trust, Bank Operations, Retail Bank Branch	57%	✓	
Cascade III (own building, lease land)	Akron, OH	Compliance, Consumer & Private Bank Technology, Corporate Sourcing, Bank Operations, Indirect Lending, Information Security Services	63%	✓	✓
Easton - HNB Business Service Center	Columbus, OH	Bank Operations, Vehicle Finance, Business Banking Credit, Technology, Special Assets, Human Resources	80%	✓	
Capitol Square	Columbus, OH	Bank Security, Internal Audit, Risk Administration, Treasury Management, Retail Bank Branch	63%	✓	
Gateway Center	Columbus, OH	Bank Operations, Corporate Sourcing, Indirect Loan, Insurance, Phone Bank	73%	✓	
Huntington Center (lease a portion of building)	Columbus, OH	Bank Administration, Private Client Group, Commercial Risk, Treasury, Finance, Accounting, Legal, Marketing, Human Resources, Tax	76%		✓
Huntington Plaza	Columbus, OH	Bank Operations, Compliance, HIC, Human Resources, Insurance	75%	✓	
Indianapolis Main	Indianapolis, IN	Regional Leadership, Business Banking, Commercial Banking, Vehicle Finance, HIC, Trust, Private Client	61%	✓	
Downtown Saginaw	Saginaw, MI	Regional Leadership, Private Banking, Retail Bank Branch	15%	✓	
Mahoning Federal Plaza Building	Youngstown, OH	Business Banking Credit, Bank Operations, Commercial Banking	64%	✓	

The major properties occupied by the Company are used across all of the business segments and for corporate purposes.

Item 3: Legal Proceedings

Information required by this item is set forth in Note 23 - "Commitments and Contingent Liabilities" of the Notes to Consolidated Financial Statements under the caption "Litigation and Regulatory Matters" and is incorporated into this Item by reference.

Item 4: Mine Safety Disclosures

Not applicable.

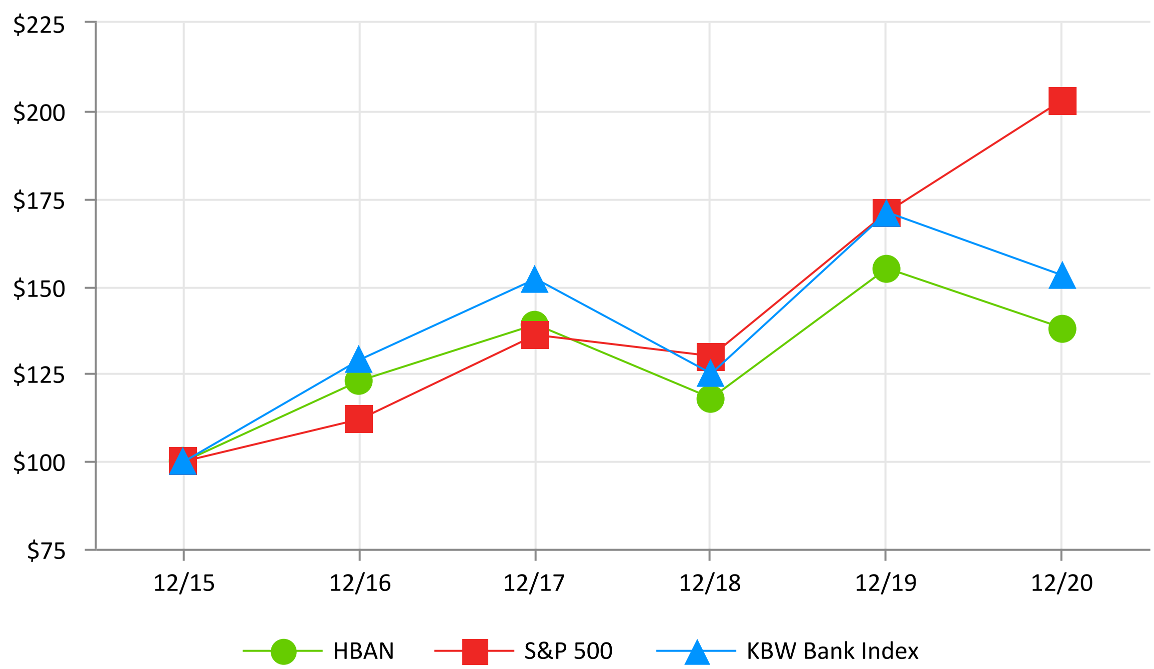
PART II

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 Global Stock Market under the symbol "HBAN". As of January 31, 2021, we had 27,384 shareholders of record.

Information regarding restrictions on dividends, as required by this Item, is set forth in Item 1: "Business - Regulatory Matters" and in Note 24 - "Other Regulatory Matters" 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, for the period December 31, 2015, through December 31, 2020. 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, 2015, and the reinvestment of all dividends, are assumed. The plotted points represent the cumulative total return on the last trading day of the fiscal year indicated.



	2015	2016	2017	2018	2019	2020
HBAN	$100	$123	$139	$118	$155	$138
S&P 500	100	112	136	130	171	203
KBW Bank Index	100	129	152	125	171	153

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, 2020.

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, 2020 to October 31, 2020	—	—	—
November 1, 2020 to November 30, 2020	415,488	11.13	—
December 1, 2020 to December 31, 2020	—	—	—
Total	415,488	$ 11.13	$ —

(1) The reported shares were repurchased pursuant to Huntington's publicly-announced share repurchase authorization.
(2) The number shown represents, as of the end of each period, the approximate dollar value of Common Stock that may yet be purchased under publicly-announced share repurchase authorizations. The shares may be purchased, from time-to-time, depending on market conditions.

The Board authorized the repurchase of common shares during the 2020 fourth quarter to offset compensation plan-related share issuances as permitted by the Federal Reserve Board. Huntington may, at its discretion, repurchase common shares as permitted by this Board authorization. Purchases of common shares under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs.

Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

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 a result of factors set forth under the caption "Forward-Looking Statements" and those set forth in Item 1A.

EXECUTIVE OVERVIEW

2020 Financial Performance Review

In 2020, we reported net income of $817 million, a 42% decrease from the prior year. Earnings per common share on a diluted basis for the year were $0.69, down 46% from the prior year.

Fully-taxable equivalent net interest income for 2020 increased $6 million from 2019. This reflected the impact of 9% average earning asset growth and a 4% growth of average interest-bearing liabilities. FTE net interest margin decreased 27 basis points to 2.99%. Average earning asset growth reflects a $4.4 billion, or 6%, increase in average loans and leases. The NIM compression reflected an 87 basis point decline in average earning asset yields, a 19 basis point decline in the benefit from noninterest-bearing funds, partially offset by a 79 basis point decrease in average funding costs.

The provision for credit losses was $1.0 billion, up $761 million, or 265%. The increase in provision expense over the prior year was primarily attributed to the deterioration in the macroeconomic environment resulting from the COVID-19 pandemic and risk rating downgrades within the commercial portfolio.

Noninterest income was $1.6 billion, up $137 million, or 9%, from the prior year. Among the primary drivers, mortgage banking income increased $199 million, or 119%, primarily reflecting higher secondary marketing spreads and an increase in salable mortgage originations. Offsetting this increase, service charges on deposit accounts decreased $71 million, or 19%, primarily reflecting reduced customer activity and pandemic-related fee waivers and other noninterest income decreased $23 million, or 13%, reflecting several notable items impacting both periods as well as lower fixed income brokerage revenue, deposit placement fees and operating lease income. Notable items in 2020 include a $13 million gain on the annuitization of a retiree health plan and a $5 million gain on the sale of the retirement plan services recordkeeping business, whereas 2019 included a $14 million gain from the sale of Wisconsin retail branches.

Noninterest expense was $2.8 billion, up $74 million, or 3%, from the prior year. Contributing to the increase, personnel costs were up $38 million, or 2%, primarily reflecting increased salaries, incentives, commissions, contract help and overtime expense partially offset by lower payroll taxes. Outside data processing and other services increased $38 million, or 11%, primarily driven by expenses related to technology investments. Equipment expense increased $17 million driven by increased depreciation and software development expense. Offsetting these increases, other noninterest expense decreased $10 million, or 4%, primarily as a result of lower travel and business development expenses partially offset by an increase in the contribution to the Columbus Foundation.

The tangible common equity to tangible assets ratio was 7.16%, down 72 basis points. The regulatory Common Equity Tier 1 (CET1) risk-based capital ratio was 10.00%, up 12 basis points. The regulatory Tier 1 risk-based capital ratio was 12.47%, up 121 basis points. The balance sheet growth impact on regulatory capital ratios was largely offset by a change in asset mix during 2020 related to the PPP loans and elevated deposits at the Federal Reserve, both of which are 0% risk weighted. The capital impact of earnings, adjusted for the CECL transition was largely offset by the repurchase of $92 million of common stock over the last four quarters (primarily in the 2020 first quarter) and cash dividends. The regulatory Tier 1 risk-based capital ratio also reflects the issuance of $500 million of Series F preferred stock and $500 million of Series G preferred stock in the 2020 second quarter and third quarter, respectively.

Business Overview

General

Our general business objectives are:

- Consistent organic revenue and balance sheet growth.
- Invest in our businesses, particularly technology and risk management.
- Deliver positive long-term operating leverage.
- Maintain aggregate moderate-to-low risk appetite.
- Disciplined capital management.

COVID-19

The COVID-19 pandemic has caused and continues to cause significant, unprecedented disruption that affects daily living and negatively impacts the global economy. The pandemic has resulted in temporary closures of many businesses and the institution of social distancing and shelter in place requirements in many states and communities, increasing unemployment levels and causing volatility in the financial markets. As further discussed in "Discussion of Results of Operations," the reduction in interest rates, borrower and counterparty credit deterioration and market volatility, among other factors, impacted our 2020 performance. Though we are unable to estimate the magnitude, we expect the pandemic and related global economic crisis will adversely affect our future operating results.

Huntington was able to react quickly to these changes because of the commitment and flexibility of its workforce coupled with well-prepared business continuity plans. To ensure the safety of our branch colleagues, while still meeting the needs of our customers, we moved to the use of branches with drive-thru only, with in-person meetings by appointment during shelter-in-place orders. For other colleagues, we have implemented a work-from-home approach with increased communication to keep them informed, engaged, productive and connected. Additional benefits have been provided, including medical, emergency paid time off and other programs for those whose families have been directly impacted by the virus. While state and local governments have partially eased temporary business closures and shelter in place requirements and we have opened our branches, we expect our colleagues who have been operating remotely to continue for some period of time. While vaccines have been approved and are being administered throughout our footprint, it remains unknown when, or if, there will be a return to historical normal economic and social activity.

For our customers, we have established a variety of temporary relief programs which include loan payment deferrals, late fee and overdraft waivers and the suspension of foreclosure and repossessions. We continue to work with our customers to originate and renew business loans as well as originated loans made available through the initial Small Business Administration Paycheck Protection Program, a lending program established as part of the relief to American consumers and businesses in the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act ("Economic Aid Act") reopens and extends the PPP loan program. As of February 19, 2021, we have processed approximately 16,000 applications totaling $1.8 billion under the reopened program.

CARES Act

The CARES Act was passed by Congress and signed into law on March 27, 2020. It provides for financial stimulus and government lending programs at unprecedented levels. The benefits of these programs within the economy remain uncertain. The CARES Act includes a total allocation of $659 billion for loans to be issued by financial institutions through the SBA. This program is known as the PPP. PPP loans are forgivable, in whole or in part, if the proceeds are used for payroll and other permitted purposes in accordance with the requirements of the PPP. These loans carry a fixed rate of 1.00% and terms of two or five years, if not forgiven, in whole or in part. The loans also require deferral of principal and interest repayment. The loans are 100% guaranteed by the SBA. The SBA pays the originating bank a processing fee ranging from 1% to 5%, based on the size of the loan. In addition, the FRB has implemented a liquidity facility available to financial institutions participating in the PPP ("PPPLF"). In conjunction with the PPP, the PPPLF will allow the Federal Reserve Banks to lend to member banks on a non-recourse basis with PPP loans as collateral.

Additionally, the CARES Act provides for relief on existing and new SBA loans through Small Business Debt Relief. As part of the SBA Small Business Debt Relief, the SBA will automatically pay principal, interest and fees of certain SBA loans for a period of six months for both existing loans and new loans issued prior to September 27, 2020. To aid small- and medium-sized businesses across our footprint in 2020, we funded more than 38,000 loans in the amount of $6.6 billion through the SBA's PPP. As of December 31, 2020, we have an outstanding PPP loan balance of $6.1 billion and have received PPP forgiveness payments of $225 million from the SBA. Between January 1, 2021 and February 19, 2021, we have received PPP forgiveness payments of an additional $1.2 billion from the SBA.

The CARES Act also provides for Mortgage Payment Relief and a foreclosure moratorium. Refer to the "Credit Risk" section for additional details on customer relief.

Economic Aid Act

The Economic Aid Act became law on December 27, 2020. The Act reopens and expands the PPP loan program through March 31, 2021. The changes to the PPP program allow new borrowers to apply for a loan under the original PPP loan program ("First Draw Loan") and the creation of an additional PPP loan for eligible borrowers ("Second Draw Loan"). The Economic Aid Act also revises certain PPP requirements, including aspects of loan forgiveness on existing PPP loans.

Federal Reserve Board Actions

The FRB has taken a range of actions to support the flow of credit to households and businesses. For example, on March 15, 2020, the FRB reduced the target range for the federal funds rate to 0 to 0.25% and announced that it would increase its holdings of U.S. Treasury securities and agency mortgage-backed securities and begin purchasing agency commercial mortgage-backed securities. The FRB has also encouraged depository institutions to borrow from the discount window and has lowered the primary credit rate for such borrowing by 150 basis points while extending the term of such loans up to 90 days. Reserve requirements have been reduced to zero as of March 26, 2020.

The FRB has established, or has taken steps to establish, a range of facilities and programs to support the U.S. economy and U.S. marketplace participants in response to economic disruptions associated with COVID-19, including among others, Main Street Lending facilities to purchase loan participations, under specified conditions, from banks lending to small and medium U.S. businesses. During 2020, we participated in the Main Street Lending program originating $117 million of loans under these facilities.

Economy

Our 2020 results reflect strong execution across the bank given the pandemic and economic challenges faced by our customers, colleagues, communities and the country. We proactively managed through the continued low interest rate environment and unprecedented economic volatility experienced in the wake of the pandemic. The economy in our footprint continues to strengthen as demonstrated by the strong close to the year in commercial lending and our increasing loan pipelines. Additionally, many of the key economic indicators in the region such as unemployment rate, consumer confidence and consumer retail spending, are recovering more quickly than the nation as a whole. We believe that Huntington enters 2021 with strong momentum. We are positioned to advance the strategy and long-term financial performance of the company through investments in technology, digital innovation, marketing and people as well as the recently announced acquisition of TCF.

Legislative and Regulatory

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

Table 1 - Selected Year to Date Income Statements

(amounts in millions, except per share data)

	Year Ended December 31,						
		Change from 2019			Change from 2018		
	2020	Amount	Percent	2019	Amount	Percent	2018
Interest income	$ 3,647	$ (554)	(13)%	$ 4,201	$ 252	6 %	$ 3,949
Interest expense	423	(565)	(57)	988	228	30	760
Net interest income	3,224	11	—	3,213	24	1	3,189
Provision for credit losses	1,048	761	265	287	52	22	235
Net interest income after provision for credit losses	2,176	(750)	(26)	2,926	(28)	(1)	2,954
Mortgage banking income	366	199	119	167	59	55	108
Service charges on deposit accounts	301	(71)	(19)	372	8	2	364
Card and payment processing income	248	2	1	246	22	10	224
Trust and investment management services	189	11	6	178	7	4	171
Capital markets fees	125	2	2	123	15	14	108
Insurance income	97	9	10	88	6	7	82
Bank owned life insurance income	64	(2)	(3)	66	(1)	(1)	67
Gain on sale of loans	42	(13)	(24)	55	—	—	55
Net (losses) gains on sales of securities	(1)	23	96	(24)	(3)	(14)	(21)
Other noninterest income	160	(23)	(13)	183	20	12	163
Total noninterest income	1,591	137	9	1,454	133	10	1,321
Personnel costs	1,692	38	2	1,654	95	6	1,559
Outside data processing and other services	384	38	11	346	52	18	294
Equipment	180	17	10	163	(1)	(1)	164
Net occupancy	158	(1)	(1)	159	(25)	(14)	184
Professional services	55	1	2	54	(6)	(10)	60
Amortization of intangibles	41	(8)	(16)	49	(4)	(8)	53
Marketing	38	1	3	37	(16)	(30)	53
Deposit and other insurance expense	32	(2)	(6)	34	(29)	(46)	63
Other noninterest expense	215	(10)	(4)	225	8	4	217
Total noninterest expense	2,795	74	3	2,721	74	3	2,647
Income before income taxes	972	(687)	(41)	1,659	31	2	1,628
Provision for income taxes	155	(93)	(38)	248	13	6	235
Net income	817	(594)	(42)	1,411	18	1	1,393
Dividends on preferred shares	100	26	35	74	4	6	70
Net income applicable to common shares	$ 717	$ (620)	(46)%	$ 1,337	$ 14	1 %	$ 1,323
Average common shares—basic	1,017	(22)	(2)%	1,039	(43)	(4)%	1,082
Average common shares—diluted	1,033	(23)	(2)	1,056	(50)	(5)	1,106
Per common share:							
Net income—basic	$ 0.71	$ (0.58)	(45)%	$ 1.29	$ 0.07	6 %	$ 1.22
Net income—diluted	0.69	(0.58)	(46)	1.27	0.07	6	1.20
Cash dividends declared	0.60	0.02	3	0.58	0.08	16	0.50
Revenue—FTE							
Net interest income	$ 3,224	$ 11	— %	$ 3,213	$ 24	1 %	$ 3,189
FTE adjustment	21	(5)	(19)	26	(4)	(13)	30
Net interest income[(1)]	3,245	6	—	3,239	20	1	3,219
Noninterest income	1,591	137	9	1,454	133	10	1,321
Total revenue[(1)]	$ 4,836	$ 143	3 %	$ 4,693	$ 153	3 %	$ 4,540

(1) On a fully-taxable equivalent (FTE) basis assuming a 21% tax rate.

DISCUSSION OF RESULTS OF OPERATIONS

This section provides a review of financial performance from a consolidated perspective. 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."

For a discussion of our results of operations for 2019 versus 2018, see "Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" Discussion of Results of Operations included in our 2019 Form 10-K, filed with the SEC on February 14, 2020.

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 21% 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 2 - Change in Net Interest Income Due to Changes in Average Volume and Interest Rates (1)

(dollar amounts in millions)	2020 Increase (Decrease) From Previous Year Due To			2019 Increase (Decrease) From Previous Year Due To		
Fully-taxable equivalent basis (2)	Volume	Yield/ Rate	Total	Volume	Yield/ Rate	Total
Loans and leases	$ 200	$ (655)	$ (455)	$ 127	$ 108	$ 235
Investment securities	23	(122)	(99)	(12)	10	(2)
Other earning assets	50	(55)	(5)	20	(5)	15
Total interest income from earning assets	273	(832)	(559)	135	113	248
Deposits	38	(425)	(387)	17	177	194
Short-term borrowings	(21)	(20)	(41)	(6)	12	6
Long-term debt	6	(143)	(137)	12	16	28
Total interest expense of interest-bearing liabilities	23	(588)	(565)	23	205	228
Net interest income	$ 250	$ (244)	$ 6	$ 112	$ (92)	$ 20

(1) The change in interest income or expense 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 21% tax rate.

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

(dollar amounts in millions)	Average Balances						
		Change from 2019			Change from 2018		
Fully-taxable equivalent basis (1)	2020	Amount	Percent	2019	Amount	Percent	2018
Assets							
Interest-bearing deposits in Federal Reserve Bank (2)	$ 3,874	$ 3,322	602 %	$ 552	$ 430	352 %	$ 122
Interest-bearing deposits in banks	176	34	24	142	54	61	88
Securities:							
Trading account securities	59	(77)	(57)	136	40	42	96
Available-for-sale securities:							
Taxable	11,392	498	5	10,894	194	2	10,700
Tax-exempt	2,735	(172)	(6)	2,907	(556)	(16)	3,463
Total available-for-sale securities	14,127	326	2	13,801	(362)	(3)	14,163
Held-to-maturity securities—taxable	9,248	603	7	8,645	2	—	8,643
Other securities	443	(28)	(6)	471	(113)	(19)	584
Total securities	23,877	824	4	23,053	(433)	(2)	23,486
Loans held for sale	1,121	305	37	816	181	29	635
Loans and leases: (3)							
Commercial:							
Commercial and industrial	33,917	3,368	11	30,549	1,662	6	28,887
Commercial real estate:							
Construction	1,156	(15)	(1)	1,171	25	2	1,146
Commercial	5,898	196	3	5,702	(347)	(6)	6,049
Commercial real estate	7,054	181	3	6,873	(322)	(4)	7,195
Total commercial	40,971	3,549	9	37,422	1,340	4	36,082
Consumer:							
Automobile loans and leases	12,838	495	4	12,343	51	—	12,292
Home equity	8,930	(486)	(5)	9,416	(499)	(5)	9,915
Residential mortgage	11,694	607	5	11,087	1,180	12	9,907
RV and marine	3,876	425	12	3,451	604	21	2,847
Other consumer	1,086	(173)	(14)	1,259	56	5	1,203
Total consumer	38,424	868	2	37,556	1,392	4	36,164
Total loans and leases	79,395	4,417	6	74,978	2,732	4	72,246
Allowance for loan and lease losses	(1,581)	(795)	(101)	(786)	(39)	(5)	(747)
Net loans and leases	77,814	3,622	5	74,192	2,693	4	71,499
Total earning assets	108,443	8,902	9	99,541	2,964	3	96,577
Cash and due from banks	1,124	282	33	842	(342)	(29)	1,184
Intangible assets	2,201	(45)	(2)	2,246	(65)	(3)	2,311
All other assets	7,045	917	15	6,128	471	8	5,657
Total assets	$ 117,232	$ 9,261	9 %	$ 107,971	$ 2,989	3 %	$ 104,982
Liabilities and Shareholders' Equity							
Interest-bearing deposits:							
Demand deposits—interest-bearing	$ 23,514	$ 3,656	18 %	$ 19,858	$ 563	3 %	$ 19,295
Money market deposits	25,695	1,923	8	23,772	2,326	11	21,446
Savings and other domestic deposits	10,720	804	8	9,916	(1,167)	(11)	11,083
Core certificates of deposit (4)	2,610	(2,980)	(53)	5,590	1,402	33	4,188
Other domestic time deposits of $250,000 or more	216	(103)	(32)	319	39	14	280
Brokered time deposits and negotiable CDs	3,822	1,006	36	2,816	(687)	(20)	3,503
Total interest-bearing deposits	66,577	4,306	7	62,271	2,476	4	59,795
Short-term borrowings	1,147	(1,297)	(53)	2,444	(304)	(11)	2,748
Long-term debt	9,496	164	2	9,332	340	4	8,992
Total interest-bearing liabilities	77,220	3,173	4	74,047	2,512	4	71,535
Demand deposits—noninterest-bearing	25,336	5,275	26	20,061	(330)	(2)	20,391
All other liabilities	2,373	70	3	2,303	306	15	1,997
Shareholders' equity	12,303	743	6	11,560	501	5	11,059
Total liabilities and shareholders' equity	$ 117,232	$ 9,261	9 %	$ 107,971	$ 2,989	3 %	$ 104,982

(1) FTE yields are calculated assuming a 21% tax rate.
(2) Deposits in Federal Reserve Bank were treated as non-earning assets prior to 4Q 2018.
(3) For purposes of this analysis, nonaccrual loans are reflected in the average balances of loans.
(4) Includes consumer certificates of deposit of $250,000 or more

Table 3 - Consolidated Average Balance Sheet and Net Interest Margin Analysis (Continued)

(dollar amounts in millions)

	Interest Income / Expense			Average Rate (5)		
Fully-taxable equivalent basis (1)	2020	2019	2018	2020	2019	2018
Assets						
Interest-bearing deposits in Federal Reserve Bank (2)	$ 6	$ 12	$ 3	0.15 %	2.12 %	2.33 %
Interest-bearing deposits in banks	1	3	2	0.47	2.01	1.97
Securities:						
Trading account securities	2	3	1	3.10	2.17	0.80
Available-for-sale securities:						
Taxable	237	295	280	2.08	2.71	2.61
Tax-exempt	77	105	122	2.84	3.61	3.53
Total available-for-sale securities	314	400	402	2.23	2.90	2.84
Held-to-maturity securities—taxable	216	218	211	2.33	2.52	2.44
Other securities	6	16	25	1.41	3.47	4.34
Total securities	538	637	639	2.25	2.76	2.72
Loans held for sale	34	31	26	3.06	3.76	4.15
Loans and leases: (3)						
Commercial:						
Commercial and industrial	1,290	1,441	1,337	3.80	4.72	4.63
Commercial real estate:						
Construction	44	64	60	3.84	5.51	5.26
Commercial	181	273	283	3.07	4.79	4.67
Commercial real estate	225	337	343	3.19	4.91	4.77
Total commercial	1,515	1,778	1,680	3.70	4.75	4.66
Consumer:						
Automobile loans and leases	504	500	456	3.93	4.05	3.71
Home equity	358	508	512	4.01	5.40	5.16
Residential mortgage	406	422	371	3.47	3.81	3.74
RV and marine	181	171	145	4.68	4.95	5.09
Other consumer	125	165	145	11.48	13.11	12.04
Total consumer	1,574	1,766	1,629	4.10	4.70	4.50
Total loans and leases	3,089	3,544	3,309	3.89	4.73	4.58
Total earning assets	$ 3,668	$ 4,227	$ 3,979	3.38 %	4.25 %	4.12 %
Liabilities and Shareholders' Equity						
Interest-bearing deposits:						
Demand deposits—interest-bearing	$ 32	$ 116	$ 78	0.14 %	0.58 %	0.40 %
Money market deposits	100	260	148	0.39	1.09	0.69
Savings and other domestic deposits	10	22	24	0.09	0.22	0.22
Core certificates of deposit (4)	38	119	72	1.44	2.13	1.72
Other domestic time deposits of $250,000 or more	3	7	3	1.18	1.82	1.25
Brokered time deposits and negotiable CDs	15	61	66	0.38	2.18	1.88
Total interest-bearing deposits	198	585	391	0.30	0.94	0.65
Short-term borrowings	13	54	48	1.18	2.23	1.74
Long-term debt	212	349	321	2.24	3.74	3.57
Total interest-bearing liabilities	423	988	760	0.55	1.34	1.06
Net interest income	$ 3,245	$ 3,239	$ 3,219			
Net interest rate spread				2.83	2.91	3.06
Impact of noninterest-bearing funds on margin				0.16	0.35	0.27
Net interest margin				**2.99 %**	**3.26 %**	**3.33 %**

(1) FTE yields are calculated assuming a 21% tax rate.
(2) Deposits in Federal Reserve Bank were treated as non-earning assets prior to 4Q 2018.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans.
(4) Includes consumer certificates of deposit of $250,000 or more.
(5) Average rates include the impact of applicable derivatives. Loan and lease and deposit average rates also include impact of applicable non-deferrable and amortized fees.

2020 versus 2019

Fully-taxable equivalent net interest income for 2020 increased $6 million from 2019. The increase reflects the benefit of a $8.9 billion, or 9%, increase in average total earning assets partially offset by a 27 basis point decrease in the FTE NIM to 2.99%.

Average earning assets for 2020 increased $8.9 billion, or 9%, from the prior year, reflecting loan growth of $4.4 billion, or 6% and an increase of $3.3 billion or 602% in interest-bearing deposits at the Federal Reserve Bank. Average loans and leases increased $4.4 billion, or 6%, primarily reflecting an increase of $3.5 billion in average commercial loans, primarily PPP loans, and an increase in average residential mortgage loans and RV and marine loans.

Average total interest-bearing liabilities increased $3.2 billion, reflecting an increase in average total interest-bearing deposits of $4.3 billion, or 7%, partially offset by a $1.3 billion or 53%, decrease in short-term borrowings. The increase in average in interest bearing deposits was primarily driven by business and commercial growth related to the PPP loans and increased liquidity levels in reaction to the economic downturn, consumer growth largely related to government stimulus, increased consumer and business banking account production, and reduced attrition. Specifically within core deposits, average total interest bearing demand deposits increased $3.7 billion, or 18%, and average money market deposits increased $1.9 billion, or 8%. These increases were partially offset by a decrease in average core CDs of $3.0 billion, or 53% reflecting the maturity of balances related to the 2018 consumer deposit growth initiatives. Brokered deposits and negotiable CDs increased $1.0 billion or 36%, reflecting balance growth in new and existing brokered deposit accounts.

The NIM compression reflected an 87 basis point decline in average earning asset yields, a 19 basis point decline in the benefit from noninterest-bearing funds, partially offset by a 79 basis point decrease in average funding costs. The decline in average earning asset yields is primarily due to lower interest rates on loans (down 84 basis points), a decline in securities yields and elevated deposits at the Federal Reserve Bank. The decline in average funding costs is primarily driven by lower cost of interest-bearing deposits (down 64 basis points) and long-term debt (down 150 basis points).

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 expected over the life of the loan and lease portfolio and the portfolio of unfunded loan commitments and letters of credit.

The provision for credit losses in 2020 was $1.0 billion, up $761 million, or 265%, from 2019. The increase in provision expense over the prior year was primarily attributed to the deterioration in the macroeconomic environment resulting from the COVID-19 pandemic and risk rating downgrades within the commercial portfolio.

Noninterest Income

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

Table 4 - Noninterest Income

(dollar amounts in millions)	Year Ended December 31, 2020	Change from 2019 Amount	Change from 2019 Percent	2019	Change from 2018 Amount	Change from 2018 Percent	2018
Mortgage banking income	$ 366	$ 199	119 %	$ 167	$ 59	55 %	$ 108
Service charges on deposit accounts	301	(71)	(19)	372	8	2	364
Card and payment processing income	248	2	1	246	22	10	224
Trust and investment management services	189	11	6	178	7	4	171
Capital markets fees	125	2	2	123	15	14	108
Insurance income	97	9	10	88	6	7	82
Bank owned life insurance income	64	(2)	(3)	66	(1)	(1)	67
Gain on sale of loans	42	(13)	(24)	55	—	—	55
Net (losses) gains on sales of securities	(1)	23	96	(24)	(3)	(14)	(21)
Other noninterest income	160	(23)	(13)	183	20	12	163
Total noninterest income	$ 1,591	$ 137	9 %	$ 1,454	$ 133	10 %	$ 1,321

2020 versus 2019

Noninterest income was $1.6 billion, up $137 million, or 9%, from the prior year. Mortgage banking income increased $199 million, or 119%, primarily reflecting higher secondary marketing spreads and an increase in salable mortgage originations. Trust and investment management income increased $11 million due to an increase in investment management account fees and an increase in personal trust income reflecting strong sales activities and market performance. While there were no material gains or losses on sales of securities in the current year, 2019 included $22 million of net losses related to the $2 billion portfolio repositioning. Offsetting these increases, service charges on deposit accounts decreased $71 million, or 19%, primarily reflecting reduced customer activity and elevated deposits. Gains on the sale of loans decreased $13 million, or 24%, due largely to a decline in SBA sales gains. Other noninterest income decreased $23 million, or 13%, reflecting several notable items impacting both periods as well as lower fixed income brokerage revenue, lower deposit placement fees and operating lease income. Notable items in 2020 included a $13 million gain on the annuitization of a retiree health plan and a $5 million gain on the sale of the retirement plan services recordkeeping business whereas 2019 included a $14 million gain from the sale of Wisconsin retail branches.

Noninterest Expense

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

Table 5 - Noninterest Expense

(dollar amounts in millions)	Year Ended December 31,						
		Change from 2019			Change from 2018		
	2020	Amount	Percent	2019	Amount	Percent	2018
Personnel costs	$ 1,692	$ 38	2 %	$ 1,654	$ 95	6 %	$ 1,559
Outside data processing and other services	384	38	11	346	52	18	294
Equipment	180	17	10	163	(1)	(1)	164
Net occupancy	158	(1)	(1)	159	(25)	(14)	184
Professional services	55	1	2	54	(6)	(10)	60
Amortization of intangibles	41	(8)	(16)	49	(4)	(8)	53
Marketing	38	1	3	37	(16)	(30)	53
Deposit and other insurance expense	32	(2)	(6)	34	(29)	(46)	63
Other noninterest expense	215	(10)	(4)	225	8	4	217
Total noninterest expense	$ 2,795	$ 74	3 %	$ 2,721	$ 74	3 %	$ 2,647
Number of employees (average full-time equivalent)	15,578	(86)	(1)%	15,664	(29)	— %	15,693

2020 versus 2019

Noninterest expense was $2.8 billion, up $74 million, or 3%, from the prior year. Personnel costs increased $38 million, or 2%, primarily reflecting increased salaries, incentives, commissions, contract help and overtime expense partially offset by lower payroll taxes. Outside data processing and other services increased $38 million, or 11%, primarily driven by expenses related to technology investments. Equipment expense increased $17 million driven by increased depreciation and software development expense. Other noninterest expense decreased $10 million, or 4%, primarily as a result of a $23 million decrease in travel and business development expense and a $7 million insurance recovery in third quarter 2020. These decreases were partially offset by the $7 million of expense related to the November 2020 debt tender and a $20 million donation to The Columbus Foundation compared to a $5 million donation during 2019.

Provision for Income Taxes

(This section should be read in conjunction with Note 1 - "Significant Accounting Policies" and Note 19 - "Income Taxes" of the Notes to Consolidated Financial Statements.)

2020 versus 2019

The provision for income taxes was $155 million for 2020 compared with a provision for income taxes of $248 million in 2019. The effective tax rates for 2020 and 2019 were 15.9% and 15.0%, respectively. Both years included the benefits from tax-exempt income, tax-advantaged investments, general business credits, investments in qualified affordable housing projects, excess tax deductions for stock-based compensation, and capital losses.

As of December 31, 2020 and 2019 there was no valuation allowance on federal deferred taxes. In 2020, a $5 million increase in the provision for state income taxes, net of federal, was recorded for the portion of state deferred tax assets that are not more likely than not to be realized, compared to 2019, where there was essentially no change.

RISK MANAGEMENT AND CAPITAL

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: credit, market, liquidity, legal, compliance/ regulatory, operational, strategic, and reputational. The ROC provides assistance to the Board in overseeing the credit review division. 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 technology investments and plans to drive efficiency as well as to meet defined standards for risk, information 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.

The Risk Oversight and Technology Committees routinely hold joint sessions to cover matters relevant to both such as cybersecurity and IT risk and control projects and risk assessments.

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, compliance, strategic, and reputation) 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.

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 in the business 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.

A comprehensive discussion of risk management and capital matters affecting us can be found in the Risk Factors section included in Item 1A: Risk Factors and the "Regulatory Matters" section of Item 1: Business 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 sections.

Credit Risk

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have credit risk associated with our investment securities portfolios *(see Note 4 - "Investment Securities and Other Securities" of the Notes to Consolidated Financial Statements)*. We engage with other financial counterparties for a variety of purposes including investing, asset and liability management, mortgage banking, and trading activities. A variety of derivative financial instruments, principally interest rate swaps, caps, floors, and collars, are used in asset and liability management activities to protect against the risk of adverse price or interest rate movements. Huntington also uses derivatives, principally loan sale commitments, in hedging its mortgage loan interest rate lock commitments and its mortgage loans held for sale. While there is credit risk associated with derivative activity, we believe this exposure is minimal. *(See Note 1 - "Significant Accounting Policies" of the Notes to Consolidated Financial Statements.)*

We focus on the early identification, monitoring, and management of all aspects of our credit risk. In addition to the traditional credit risk mitigation strategies of credit policies and processes, market risk management activities, and portfolio diversification, we use quantitative measurement capabilities utilizing external data sources, enhanced modeling technology, and internal stress testing processes. Our continued ongoing expansion of portfolio management resources is central to our our commitment to maintaining an aggregate moderate-to-low risk profile. In our efforts 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 sits with 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.

Over the course of 2020, we have assessed the impact of COVID-19 on our loan portfolio as we would with any natural disaster or significant economic decline. Huntington proactively addressed the situation by offering our customers payment deferrals and the suspension of late fees, while also suspending repossession and foreclosures. We believe that these decisions were prudent due to the widespread impact economic conditions had on both commercial and consumer borrowers. During the third quarter, we re-instated late fees and repossessions, while continuing to offer payment help to impacted borrowers. The longer term impact of our response is dependent upon a number of variables, including the prolonged impact of the COVID-19 virus and its impact on the economic recovery. Continued weakness in the labor market could lead to increased delinquencies and defaults in our consumer portfolio. Additionally, increased economic deterioration could lead to elevated default rates in our Commercial portfolio, specifically industries highly impacted by COVID-19.

Huntington initiated a customer centric payment deferral plan in mid-March 2020. The response across the consumer portfolios was immediate, with substantial deferral activity across the portfolio in March and April. Our commercial loan deferral activity was initiated in April and May. The vast majority of the deferrals granted to our customers, both commercial and consumer, have expired with positive subsequent payment patterns. The remaining deferrals in the consumer portfolios are centered in the residential portfolio, consistent with the generally longer-term payment deferral time frames. The post deferral performance to date for the consumer portfolios has been positive. Our customer assistance teams remain well positioned to continue to help our consumer customers who have been impacted by the current economic conditions. The commercial deferrals were primarily 90 days in length and began to expire in the third quarter of 2020 as expected. For commercial borrowers requiring additional modifications to existing terms and conditions, expiring deferrals were replaced with modified terms and conditions, including payment terms in some instances, to the extent appropriate, as we continue to work with our customers.

The table below summarizes our deferral activity as of December 31, 2020, September 30, 2020, and June 30, 2020 under our COVID-19-related forbearance and other customer accommodation programs that are guided by the CARES Act.

Table 6 - Loan and Lease Portfolio Deferrals

	December 31, 2020			September 30, 2020			June 30, 2020		
(dollar amounts in millions)	Deferred # of Loans	Deferred Balance	% of Portfolio	Deferred # of Loans	Deferred Balance	% of Portfolio	Deferred # of Loans	Deferred Balance	% of Portfolio
Commercial:									
Commercial and industrial	331	$ 75	— %	429	$ 431	1 %	5,584	$ 3,186	9%
Commercial real estate:									
Construction	1	—	— %	8	40	3 %	27	90	8%
Commercial	18	76	1 %	77	471	8 %	536	1,719	29%
Commercial real estate	19	76	1 %	85	511	7 %	563	1,809	25%
Total commercial	350	151	— %	514	942	2 %	6,147	4,995	12%
Consumer:									
Automobile	348	5	— %	1,226	20	— %	21,984	426	3%
Home equity	196	15	— %	627	49	1 %	3,321	267	3%
Residential mortgage (1)	967	150	1 %	2,121	411	3 %	3,322	1,002	9%
RV and marine	15	1	— %	88	4	— %	2,200	117	3%
Other consumer	3	—	— %	169	1	— %	1,336	12	1%
Total consumer	1,529	171	— %	4,231	485	1 %	32,163	1,824	5%
Total loans and leases	1,879	$ 322	— %	4,745	$ 1,427	2 %	38,310	$ 6,819	9%

(1) Residential mortgage deferrals include GNMA serviced loans that entered forbearance and then subsequently were bought out of the pool: 750 loans for $108 million at December 31, 2020 and 1,272 loans for $178 million at September 30, 2020.

Loan and Lease Credit Exposure Mix

At December 31, 2020, our loans and leases totaled $81.6 billion, representing a $6.2 billion, or 8%, increase compared to $75.4 billion at December 31, 2019.

Total commercial loans and leases were $42.6 billion at December 31, 2020, and represented 52% of our total loan and lease credit exposure. Our commercial loan portfolio is diversified by 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. We focus on borrowers 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, Finance and Insurance, etc.) and/or lending disciplines (Equipment Finance, Asset Based Lending, 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. For loans secured by real estate, appropriate appraisals are obtained at origination and updated on an as needed basis in compliance with regulatory requirements.

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 pre-sold or pre-leased, 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 $39.0 billion at December 31, 2020, and represented 48% of our total loan and lease credit exposure. The consumer portfolio is comprised primarily of automobile loans, home equity lines-of-credit, residential mortgages, and RV and marine finance *(see Consumer Credit discussion)*.

Automobile – Automobile loans are comprised primarily of loans made through automotive dealerships and include exposure in selected states outside of our primary banking markets. The exposure outside of our core footprint states represents 27% of the total exposure, with no individual state representing more than 6%. 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 converts 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 rising interest rates.

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.

RV and marine – RV and marine loans are loans provided to consumers for the purpose of financing recreational vehicles and boats. Loans are originated on an indirect basis through a series of dealerships across 34 states. The loans are underwritten centrally using an application and decisioning system similar to automobile loans. The current portfolio includes 23% of the balances within our core footprint states.

Other consumer – Other consumer loans primarily consists of consumer loans not secured by real estate, including credit cards, personal unsecured loans, and overdraft balances. We originate these products within our established set of credit policies and guidelines.

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

Table 7 - Loan and Lease Portfolio Composition

	At December 31,									
(dollar amounts in millions)	2020		2019		2018		2017		2016	
Commercial:										
Commercial and industrial	$ 35,373	43 %	$ 30,664	41 %	$ 30,605	41 %	$ 28,107	40 %	$ 28,059	42 %
Commercial real estate:										
Construction	1,035	1	1,123	1	1,185	2	1,217	2	1,446	2
Commercial	6,164	8	5,551	7	5,657	8	6,008	9	5,855	9
Commercial real estate	7,199	9	6,674	8	6,842	10	7,225	11	7,301	11
Total commercial	42,572	52	37,338	49	37,447	51	35,332	51	35,360	53
Consumer:										
Automobile	12,778	16	12,797	17	12,429	16	12,100	17	10,969	16
Home equity	8,894	11	9,093	12	9,722	13	10,099	14	10,106	15
Residential mortgage	12,141	15	11,376	15	10,728	14	9,026	13	7,725	12
RV and marine	4,190	5	3,563	5	3,254	4	2,438	3	1,846	3
Other consumer	1,033	1	1,237	2	1,320	2	1,122	2	956	1
Total consumer	39,036	48	38,066	51	37,453	49	34,785	49	31,602	47
Total loans and leases	$ 81,608	100 %	$ 75,404	100 %	$ 74,900	100 %	$ 70,117	100 %	$ 66,962	100 %

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

The table below provides our total loan and lease portfolio segregated by industry type. The changes in the industry composition from December 31, 2019 are consistent with the portfolio growth metrics.

Table 8 - Loan and Lease Portfolio by Industry Type

(dollar amounts in millions)	December 31, 2020			December 31, 2019	
	PPP Loans	Total Loans (2)			
Commercial loans and leases:					
Real estate and rental and leasing	$ 192	$ 6,962	9 %	$ 6,662	9 %
Manufacturing	826	5,556	7	5,248	7
Retail trade (1)	631	5,111	6	5,239	7
Health care and social assistance	801	3,646	4	2,498	3
Finance and insurance	123	3,389	4	3,307	4
Accommodation and food services	781	3,100	4	2,072	3
Wholesale trade	374	2,652	3	2,437	3
Professional, scientific, and technical services	704	2,051	3	1,360	2
Other services	312	1,613	2	1,310	2
Transportation and warehousing	184	1,401	2	1,207	2
Construction	586	1,389	2	900	1
Admin./Support/Waste Mgmt. and Remediation Services	239	975	1	731	1
Information	77	829	1	649	1
Utilities	19	793	1	546	1
Arts, entertainment, and recreation	73	744	1	690	1
Educational services	111	735	1	463	—
Public Administration	12	662	1	261	—
Mining, quarrying, and oil and gas extraction	27	601	—	1,304	2
Agriculture, forestry, fishing and hunting	19	157	—	154	—
Management of companies and enterprises	16	144	—	105	—
Unclassified/Other	10	64	—	195	—
Total commercial loans and leases by industry category	$ 6,117	42,572	52 %	37,338	49 %
Automobile		12,778	16	12,797	17
Home Equity		8,894	11	9,093	12
Residential mortgage		12,141	15	11,376	15
RV and marine		4,190	5	3,563	5
Other consumer loans		1,033	1	1,237	2
Total loans and leases		$ 81,608	100 %	$ 75,404	100 %

(1) Amounts include $2.4 billion and $3.7 billion of auto dealer services loans at December 31, 2020 and December 31, 2019, respectively.
(2) Total loans include PPP loans outstanding at December 31, 2020.

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 centralized preview and loan approval committees, led by our credit officers. The risk rating, credit exposure amount, and complexity of the credit determines the threshold for approval. 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 not requiring loan committee approval and have the primary credit authority, with the exception of small business loans. 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.

In commercial lending, on-going credit management is dependent on the type and nature of the loan. We monitor all significant exposures. 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. We 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 ACL amount. 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 at least annual basis, we consider, among other things, the guarantor's reputation and creditworthiness, where available, along with various key financial metrics such as liquidity and net worth. 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 5 "Loans / Leases" of the Notes to Consolidated Financial Statements)* are managed by FRG. FRG 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

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 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.

The C&I portfolio continues to have solid origination activity while we maintain a focus on high quality originations. We continue to maintain a proactive approach to identifying borrowers that may be facing financial difficulty in order to maximize the potential credit outcomes. 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.

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 120% of required interest and principal payments, and (3) if the commercial real estate is non-owner occupied, require that pre-leasing generate break-even interest-only debt service. 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.

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. For all classes within the consumer loan portfolio, loans are assigned pool level PD factors based on the FICO range within which the borrower's credit bureau score falls. The credit bureau score is widely accepted as the standard measure of consumer credit risk used by lenders, regulators, rating agencies, and consumers. 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 independent risk management group has a consumer process review component to ensure the effectiveness and efficiency of the consumer credit processes.

Collection actions by our customer assistance team are initiated as needed through a centrally managed collection and recovery function. We employ a series of collection methodologies designed to maintain a high level of effectiveness, while maximizing efficiency. In addition to the consumer loan portfolio, the customer assistance team 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. 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.

Huntington underwrites all residential mortgage 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. 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.

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.

RV AND MARINE PORTFOLIO

Our strategy in the RV and Marine portfolio focuses on high quality borrowers, combined with appropriate LTVs, terms, and profitability. Although entering new markets can be associated with increased risk levels, we believe our disciplined strategy and operational processes significantly mitigate these risks.

Credit Quality

(This section should be read in conjunction with Note 5 "Loans / Leases and Note 6 "Allowance for Credit Losses" of the Notes to Consolidated Financial Statements.)

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

Credit quality performance in 2020 was weaker than prior periods primarily due to the deterioration in the economic environment as a result of the COVID-19 pandemic. Total NCOs were $449 million or 0.57% of average total loans and leases, an increase from $265 million or 0.35% in the prior year. There was a 13% increase in NPAs from the prior year. The ACL to total loans ratio was 2.29% at December 31, 2020 compared to 1.18% at December 31, 2019, which primarily reflects the transition to the CECL lifetime loss methodology and the deterioration in the macroeconomic outlook resulting from the COVID-19 pandemic.

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.

Commercial loans are placed on nonaccrual status at 90-days past due, or earlier if repayment of principal and interest is in doubt. Of the $368 million of commercial related NALs at December 31, 2020, $226 million, or 61%, represent loans that were less than 30-days past due, demonstrating our continued commitment to proactive credit risk management. With the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, first lien loans secured by residential mortgage collateral are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile, RV and marine and other consumer loans are generally fully charged-off at 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 following table reflects period-end NALs and NPAs detail for each of the last five years:

Table 9 - Nonaccrual Loans and Leases and Nonperforming Assets (1)

	December 31,				
(dollar amounts in millions)	2020	2019	2018	2017	2016
Nonaccrual loans and leases (NALs):					
Commercial and industrial	$ 353	$ 323	$ 188	$ 161	$ 234
Commercial real estate	15	10	15	29	20
Automobile	4	4	5	6	6
Home equity	70	59	62	68	72
Residential mortgage	88	71	69	84	91
RV and marine	2	1	1	1	—
Other consumer	—	—	—	—	—
Total nonaccrual loans and leases	532	468	340	349	423
Other real estate, net:					
Residential	4	9	19	24	31
Commercial	—	2	4	9	20
Total other real estate, net	4	11	23	33	51
Other NPAs (1)	27	19	24	7	7
Total nonperforming assets	$ 563	$ 498	$ 387	$ 389	$ 481
Nonaccrual loans and leases as a % of total loans and leases	0.65 %	0.62 %	0.45 %	0.50 %	0.63 %
NPA ratio (2)	0.69	0.66	0.52	0.55	0.72

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

2020 versus 2019

Total NPAs increased by $65 million, or 13%, compared with December 31, 2019. The increase was due to a $30 million, or 9%, increase in the C&I portfolio. OREO balances decreased $7 million, or 64%, from the prior year.

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

Table 10 - Accruing Past Due Loans and Leases

	December 31,				
(dollar amounts in millions)	2020	2019	2018	2017	2016
Accruing loans and leases past due 90 days or more:					
Commercial and industrial (1)	$ 10	$ 11	$ 7	$ 9	$ 18
Commercial real estate	—	—	—	3	17
Automobile	9	8	8	7	10
Home equity	14	14	17	18	12
Residential mortgage (excluding loans guaranteed by the U.S. Government)	30	20	32	21	15
RV and marine	3	2	1	1	1
Other consumer	3	7	6	5	4
Total, excl. loans guaranteed by the U.S. Government	69	62	71	64	77
Add: loans guaranteed by U.S. Government	102	109	99	51	52
Total accruing loans and leases past due 90 days or more, including loans guaranteed by the U.S. Government	$ 171	$ 171	$ 170	$ 115	$ 129
Ratios:					
Excluding loans guaranteed by the U.S. Government, as a percent of total loans and leases	0.08 %	0.08 %	0.09 %	0.09 %	0.12 %
Guaranteed by U.S. Government, as a percent of total loans and leases	0.13	0.14	0.13	0.07	0.08
Including loans guaranteed by the U.S. Government, as a percent of total loans and leases	0.21	0.23	0.23	0.16	0.19

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

TDR Loans

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. Nonaccruing 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 regulations regarding the treatment of certain bankruptcy filing and discharge situations.

On March 22, 2020 and April 7, 2020, the federal bank regulatory agencies including the FRB and OCC released statements encouraging financial institutions to work prudently with borrowers that may be unable to meet their contractual obligations because of the effects of COVID-19. The statements go on to explain that, in consultation with the FASB staff, the federal bank regulatory agencies concluded that short-term modifications (e.g. six months) made on a good faith basis to borrowers who were current as of the implementation date of a relief program are not TDRs. Section 4013 of the CARES Act, as amended by Section 541 of the Consolidated Appropriations Act of 2021, ("CARES Act") further addresses COVID-19 related modifications occurring between March 1, 2020 through January 1, 2022 and specifies that such COVID-19 related modifications on loans that were current as of December 31, 2019 are not TDRs.

For COVID-19 related loan modifications occurring during 2020, which met the loan modification criteria under the CARES Act, Huntington elected to suspend TDR accounting. For loan modifications not eligible for the CARES Act, Huntington applied the interagency regulatory guidance that was clarified on April 7, 2020. Accordingly, insignificant concessions (related to the current COVID-19 crisis) granted through payment deferrals, fee waivers, or other short-term modifications (generally 6 months or less) and provided to borrowers less than 30 days past due at March 17, 2020 were not deemed to be TDRs. Therefore, modified loans that met the required guidelines for relief are excluded from the TDR disclosures below.

Over the past five years, the accruing component of the total TDR balance has been consistently over 80%, indicating there is no identified credit loss and the borrowers continue to make their monthly payments. As of December 31, 2020, over 78% of the $435 million of accruing TDRs secured by residential real estate (Residential mortgage and Home equity in Table 11) are current on their required payments, with over 53% of the accruing pool having had no delinquency in the past 12 months. There is limited migration from the accruing to non-accruing components, and virtually all of the charge-offs within this group of loans come from the non-accruing TDR balances.

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

Table 11 - Accruing and Nonaccruing Troubled Debt Restructured Loans

(dollar amounts in millions)	December 31,				
	2020	2019	2018	2017	2016
TDRs—accruing:					
Commercial and industrial	$ 193	$ 213	$ 269	$ 300	$ 210
Commercial real estate	33	37	54	78	77
Automobile	50	40	35	30	26
Home equity	187	226	252	265	270
Residential mortgage	248	223	218	224	243
RV and marine	6	3	2	1	—
Other consumer	9	11	9	8	4
Total TDRs—accruing	726	753	839	906	830
TDRs—nonaccruing:					
Commercial and industrial	95	109	97	82	107
Commercial real estate	3	6	6	15	5
Automobile	2	2	3	4	5
Home equity	30	26	28	28	28
Residential mortgage	51	42	44	55	59
RV and marine	1	1	—	—	—
Other consumer	—	—	—	—	—
Total TDRs—nonaccruing	182	186	178	184	204
Total TDRs	$ 908	$ 939	$ 1,017	$ 1,090	$ 1,034

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 a loan matures. Often 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 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 GAAP, 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 the removal of the TDR designation. A continuation of the prior note requires the continuation of the TDR designation.

The types of concessions granted include below market interest rates, longer amortization or extended maturity date changes beyond what the collateral supports, as well as principal forgiveness based on the borrower’s specific needs at a point in time. Our policy does not limit the number of times a loan may be modified. A loan may be modified multiple times if it is considered to be in the best interest of both the borrower and us.

Commercial loans are not automatically considered to be accruing TDRs upon the granting of a 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, reasonable assurance of repayment under modified terms and demonstrated repayment performance for a minimum of six months is needed 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.

ACL

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

Effective January 1, 2020, Huntington adopted ASU 2016-13 Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments. Upon adoption of ASU 2016-13, Huntington implemented new credit loss models within our loan and lease portfolio. These models incorporate historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. We make various judgments combined with historical loss experience to generate a loss rate that is applied to the outstanding loan or receivable balance to produce a reserve for expected credit losses.

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

These three parameters, PD, EAD, and LGD, are utilized to estimate the cumulative credit losses over the remaining expected life of the loan. We also consider the likelihood a previously charged-off account will be recovered. This calculation is dependent on how long ago the account was charged-off and future economic conditions, which estimate the likelihood and magnitude of recovery. Our models are developed using internal historical loss experience covering the full economic cycle and consider the impact of account characteristics on expected losses.

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

The macroeconomic scenarios evaluated by Huntington during 2020 continued to reflect the impact of the COVID-19 pandemic. The baseline scenario used at year-end assumes that the worst of the economic disruption from the pandemic has passed, with the expectation that subsequent waves of the virus will not carry the same level of economic disruption experienced to date. The unemployment variable is incorporated within our models as both a rate of change and level variable. Historically, changes in unemployment have taken gradual paths resulting in more measured impacts.

The baseline scenario forecasts stronger GDP growth throughout 2021 compared to the fourth quarter 2020 forecast driven by additional fiscal stimulus anticipated in 2021.

The table below is intended to show how the forecasted path of these key macroeconomic variables has changed since CECL implementation:

Table 12 - Forecasted Key Macroeconomic Variables

	2019	2020		2021	
Baseline scenario forecast	Q4	Q2	Q4	Q2	Q4
Unemployment rate (1)					
4Q 2019 (2)	3.5%	3.5%	3.8%	4.3%	4.5%
4Q 2020	n/a	n/a	7.2%	7.5%	7.2%
Gross Domestic Product (1)					
4Q 2019 (2)	1.9%	2.0%	0.8%	2.9%	3.6%
4Q 2020	n/a	n/a	3.0%	3.8%	5.8%

(1) Values reflect the baseline scenario forecast inputs for each period presented, not updated for subsequent actual amounts.
(2) Base case estimates for stated period in Q4 2019 used to model January 1st 2020 implementation adjustment.

The uncertainty related to the COVID-19 pandemic prompted management to continue to assess the macroeconomic environment through the end of the year. Management considered multiple macro-economic forecasts that reflected a range of possible outcomes in order to capture the continued severity of and the economic disruption associated with the pandemic. While we have incorporated our estimated impact of COVID-19 into our allowance for credit losses, the ultimate impact of COVID-19 is still uncertain, including the success of the vaccination programs underway, the resulting rate of virus abatement, how long economic activities will be impacted and what effect the unprecedented levels of government fiscal and monetary actions will have on the economy and our credit losses.

Given significant COVID-19 specific government relief programs and potential stimulus packages, as well as certain limitations of our models in the current economic environment particularly the level of unemployment, management developed additional analytics to support adjustments to our modeled results. The Bank’s governance committees reviewed model results of each economic scenario for appropriate usage, concluding that the quantitative transactional reserve (collectively assessed) will continue to utilize the scenario weighting approach established in prior quarters. Given the impact of the unemployment variable utilized within the models and the uncertainty associated with key economic scenario assumptions, the December 31, 2020 ACL included a material general reserve component to capture this economic uncertainty risk not addressed within the quantitative transaction reserve.

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

Huntington adopted ASC Topic 326 using the modified retrospective method for all financial assets in scope of the standard. Results for reporting periods beginning after January 1, 2020 are presented under ASC Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. Upon adoption, Huntington recorded an increase to the ACL of $393 million and a corresponding decrease to retained earnings of approximately $306 million, net of tax of $87 million. The overall increase to the ACL at January 1, 2020 was comprised of a $180 million increase in the commercial ALLL, a $211 million increase in the consumer ALLL, and a $2 million increase to the AULC. The increase in the commercial portfolio was largely attributable to adjustments to cover heightened risks of future deterioration in the oil and gas and leveraged lending portfolios. The increase in the consumer portfolio was largely attributable to the longer asset duration associated with many of these products.

The AULC is determined by applying the same quantitative reserve determination process to the unfunded portion of the loan exposures adjusted by an applicable funding expectation. *(See Note 1 - "Significant Accounting Policies" of the Notes to Consolidated Financial Statements).*

Our ACL evaluation process includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. While the total ACL balance increased year over year, all of the relevant benchmarks remain strong, while reflecting the level of uncertainty around the future macroeconomic environment resulting from the COVID-19 pandemic.

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

Table 13 - Summary of Allowance for Credit Losses

(dollar amounts in millions)	Year Ended December 31,				
	2020	2019	2018	2017	2016
ALLL, beginning of year	$ 783	$ 772	$ 691	$ 638	$ 598
Cumulative-effect of change in accounting principle for financial instruments - credit losses (1)	391	—	—	—	—
Loan and lease charge-offs					
Commercial:					
Commercial and industrial	(328)	(160)	(68)	(68)	(77)
Commercial real estate:					
Construction	(1)	—	(1)	2	(2)
Commercial	(46)	(5)	(10)	(6)	(14)
Commercial real estate	(47)	(5)	(11)	(4)	(16)
Total commercial	(375)	(165)	(79)	(72)	(93)
Consumer:					
Automobile	(60)	(57)	(58)	(64)	(50)
Home equity	(16)	(21)	(21)	(20)	(26)
Residential mortgage	(7)	(9)	(11)	(11)	(11)
RV and marine	(18)	(15)	(14)	(13)	(3)
Other consumer	(64)	(95)	(85)	(72)	(44)
Total consumer	(165)	(197)	(189)	(180)	(134)
Total charge-offs	(540)	(362)	(268)	(252)	(227)
Recoveries of loan and lease charge-offs					
Commercial:					
Commercial and industrial	29	32	36	26	32
Commercial real estate:					
Construction	1	2	2	3	4
Commercial	3	6	27	12	38
Total commercial real estate	4	8	29	15	42
Total commercial	33	40	65	41	74
Consumer:					
Automobile	27	25	24	22	18
Home equity	10	13	15	15	17
Residential mortgage	4	3	5	5	5
RV and marine	6	4	5	3	—
Other consumer	11	12	9	7	4
Total consumer	58	57	58	52	44
Total recoveries	91	97	123	93	118
Net loan and lease charge-offs	(449)	(265)	(145)	(159)	(109)
Provision for loan and lease losses	1,089	277	226	212	169
Allowance for assets sold and securitized or transferred to loans held for sale	—	(1)	—	—	(20)
ALLL, end of year	1,814	783	772	691	638
AULC, beginning of year	104	96	87	98	72
Cumulative-effect of change in accounting principle for financial instruments - credit losses (1)	2	—	—	—	—
Provision for (Reduction in) unfunded loan commitments and letters of credit losses	(41)	10	9	(11)	22
Fair value of acquired AULC	—	—	—	—	4
Unfunded commitment losses	(13)	(2)	—	—	—
AULC, end of year	52	104	96	87	98
ACL, end of year	$ 1,866	$ 887	$ 868	$ 778	$ 736

(1) Relates to day one impact of the CECL adjustment as a result of the implementation of ASU 2016-13.

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

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

(dollar amounts in millions)	December 31,									
	2020		2019		2018		2017		2016	
ACL										
Commercial										
Commercial and industrial	$ 939	43 %	$ 469	41 %	$ 422	41 %	$ 377	40 %	$ 356	42 %
Commercial real estate	297	9	83	8	120	10	105	11	95	11
Total commercial	1,236	52	552	49	542	51	482	51	451	53
Consumer										
Automobile	166	16	57	17	56	16	53	17	48	16
Home equity	124	11	50	12	55	13	60	14	65	15
Residential mortgage	79	15	23	15	25	14	21	13	33	12
RV and marine	129	5	21	5	20	4	15	3	5	3
Other consumer	80	1	80	2	74	2	60	2	36	1
Total consumer	578	48	231	51	230	49	209	49	187	47
Total ALLL	1,814	100 %	783	100 %	772	100 %	691	100 %	638	100 %
AULC	52		104		96		87		98	
Total ACL	$ 1,866		$ 887		$ 868		$ 778		$ 736	
Total ALLL as % of:										
Total loans and leases		2.22 %		1.04 %		1.03 %		0.99 %		0.95 %
Nonaccrual loans and leases		341		167		228		198		151
NPAs		323		157		200		178		133
Total ACL as % of:										
Total loans and leases		2.29 %		1.18 %		1.16 %		1.11 %		1.10 %
Nonaccrual loans and leases		351		190		256		223		174
NPAs		332		178		225		200		153

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

2020 versus 2019

At December 31, 2020, the ALLL was $1.8 billion or 2.22% of total loans and leases, compared to $783 million or 1.04% at December 31, 2019. Of the increase, $640 million relates primarily to the deterioration in the macroeconomic outlook resulting from the COVID-19 pandemic, with the remaining $391 million related to transition to the CECL lifetime loss methodology. The majority of the increase was related to the commercial portfolio. The ALLL to total loans and leases ratio increased 118 basis points to 2.22%

As referenced above, the implementation of CECL resulted in a January 1 adoption impact of $391 million. The ACL to total loans ratio was 2.29% at December 31, 2020 compared to 1.18% at December 31, 2019, which primarily reflects the transition to the CECL lifetime loss methodology and the deterioration in the macroeconomic outlook resulting from the COVID-19 pandemic.

NCOs

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

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

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

Table 15 - Net Loan and Lease Charge-offs

(dollar amounts in millions)	Year Ended December 31,				
	2020	2019	2018	2017	2016
Net charge-offs by loan and lease type:					
Commercial:					
Commercial and industrial	$ 299	$ 128	$ 32	$ 42	$ 45
Commercial real estate:					
Construction	—	(2)	(1)	(5)	(2)
Commercial	43	(1)	(17)	(6)	(24)
Commercial real estate	43	(3)	(18)	(11)	(26)
Total commercial	342	125	14	31	19
Consumer:					
Automobile	33	32	34	42	32
Home equity	6	8	6	5	9
Residential mortgage	3	6	6	6	6
RV and marine	12	11	9	10	2
Other consumer	53	83	76	65	41
Total consumer	107	140	131	128	90
Total net charge-offs	$ 449	$ 265	$ 145	$ 159	$ 109
Net charge-offs - annualized percentages:					
Commercial:					
Commercial and industrial	0.88 %	0.42 %	0.11 %	0.15 %	0.19 %
Commercial real estate:					
Construction	(0.05)	(0.15)	(0.13)	(0.36)	(0.19)
Commercial	0.74	(0.02)	(0.26)	(0.10)	(0.49)
Commercial real estate	0.61	(0.04)	(0.24)	(0.15)	(0.44)
Total commercial	0.84	0.33	0.04	0.09	0.06
Consumer:					
Automobile	0.26	0.26	0.27	0.36	0.30
Home equity	0.07	0.08	0.06	0.05	0.10
Residential mortgage	0.03	0.06	0.06	0.08	0.09
RV and marine	0.31	0.31	0.32	0.48	0.33
Other consumer	4.84	6.62	6.27	6.36	5.53
Total consumer	0.28	0.37	0.36	0.39	0.32
Net charge-offs as a % of average loans	0.57 %	0.35 %	0.20 %	0.23 %	0.19 %

2020 versus 2019

NCOs increased $184 million, or 69%, in 2020. The increase was driven by commercial NCOs, which were centered in our oil and gas portfolio, partially offset by a decline in other consumer.

Market Risk

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

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

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

Table 16 - Net Interest Income at Risk

	Net Interest Income at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits	-1.3%	-2.0%	-4.0%
December 31, 2020	-1.1	3.4	7.3
December 31, 2019	NA	1.0	2.3

The NII at Risk results included in the table above reflect the analysis used monthly by management. It models gradual ("ramp" as defined above) +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next twelve months as well as an instantaneous parallel shock of -25 basis points.

With the continued decline in rates, the down 100 basis point ramp scenario can produce a distorted view of interest rate risks metrics. As a result, the down 100 basis point ramp scenario was replaced with the down 25 basis point shock scenario by the Board as a policy metric beginning September 30, 2020. Management does consider additional scenarios with forecasted negative market rates which would result in margin deterioration.

The increase in sensitivity was driven by the impact of lower forecast rates on non-maturity deposits resulting in slower balance runoff and higher securities prepayments in the implied forward scenario resulting in more opportunity for reinvestment at higher rates in rising rate environments. Additionally, an increase in the securities portfolio and the hedge program have also resulted in increased sensitivity.

Our NII at Risk is within our Board of Directors' policy limits for the -25, +100 and +200 basis point scenarios. The NII at Risk shows that our balance sheet is asset sensitive at both December 31, 2020, and December 31, 2019.

Table 17 - Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits	-1.5%	-6.0%	-12.0%
December 31, 2020	-0.7	1.4	-0.1
December 31, 2019	NA	-3.1	-9.1

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 ("shocks" as defined above) in market interest rates.

With the continued decline in rates, the down 100 basis point shock scenario can produce a distorted view of interest rate risks metrics. As a result, the down 100 basis point shock scenario was replaced with the down 25 basis point shock scenario by the Board as a policy metric beginning September 30, 2020. Management does consider additional scenarios with forecasted negative market rates to understand the impact on EVE.

We are within our Board of Directors' policy limits for the -25, +100 and +200 basis point scenarios. The EVE depicts an asset sensitive balance sheet profile. The change in sensitivity was driven primarily by lower interest rates slowing deposit runoff and to a lesser extent, expected securities portfolio runoff.

We have LIBOR-based exposure in the form of certain variable rate loans, derivatives, Series B preferred stock, long term debt and other securities and financial arrangements. To address the discontinuance of LIBOR in its current form, we have established a LIBOR transition team and project plan under the oversight of the CRO and CFO, providing periodic updates to the ROC. In reviewing the contract fallback language, certain contracts were identified as needing updated provisions for transition. The LIBOR transition team is coordinating remediation, where necessary. Our technology team has undertaken core loan servicing system projects to support alternative reference rates with some already operational and others with target project completion dates in the first half of 2021. Additionally, we have developed a SOFR-enabled interest rate risk monitoring framework and a strategy for managing interest rate risk during the transition from LIBOR to SOFR. During the fourth quarter of 2020, Huntington began indexing new retail adjustable rate mortgages to SOFR (Secured Overnight Funding Rate). We continue to monitor market developments and regulatory updates, including the recent announcements from the ICE Benchmark Administrator to extend the cessation date for several USD LIBOR tenors to June 30, 2023. For a discussion of the risks associated with the LIBOR transition to alternative reference rates, refer to "Item 1A: Risk Factors."

Use of Derivatives to Manage Interest Rate Risk

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

Huntington has entered into a number of interest rate derivative contracts to manage our interest rate risk position which are economic hedges (i.e., do not receive hedge accounting treatment). The impact of changes in the fair value of derivatives designated as economic hedges are reported in current period earnings. While these interest rate derivatives are used to reduce the long-term interest rate sensitivity, these economic hedges can result in short-term volatility in net interest income as a result of the changes in interest rates.

Table 18 shows all swap, floor and cap positions that are utilized for purposes of managing our exposures to the variability of interest rates. These positions are used to convert the contractual interest rate index of agreed-upon amounts of assets and liabilities (i.e., notional amounts) to another interest rate index or to hedge forecasted transactions for the variability in cash flows attributable to the contractually specified interest rate. The volume, maturity and mix of portfolio derivative positions change frequently as we adjust our broader interest rate risk management objectives and the balance sheet positions to be hedged. For further information, including the notional amount and fair values of these derivatives, refer to Note 21 “Derivative Financial Instruments” of the Notes to Consolidated Financial Statements.

The following table presents additional information about the interest rate swaps, floors and caps used in Huntington's asset and liability management activities at December 31, 2020 and December 31, 2019.

Table 18 - Weighted-Average Maturity, Receive Rate and LIBOR Reset Rate on Asset Liability Management Instruments

	December 31, 2020				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Fixed Rate	Weighted-Average Reset Rate
Asset conversion swaps					
Receive Fixed - Pay 1 month LIBOR	$ 6,525	2.03	$ 231	1.81 %	0.15 %
Pay Fixed - Receive 1 month LIBOR (1)	3,076	1.99	3	0.17	0.15
Receive Fixed - Pay 1 month LIBOR - forward starting (2)	750	3.29	23	1.24	—
Pay Fixed - Receive 1 month LIBOR - forward starting (3)	408	9.08	2	0.68	—
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	5,397	2.02	262	2.28	0.15
Receive Fixed - Pay 3 month LIBOR	800	0.21	5	1.31	0.22
Basis swaps					
Pay SOFR- Receive Fed Fund (economic hedges) (4)	$ 230	4.66	$ —	0.09	0.10
Pay Fed Fund - Receive SOFR (economic hedges) (4)	41	1.98	—	0.09	0.09
Total swap portfolio	$ 17,227		$ 526		

	December 31, 2020				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Floor Strike	Weighted-Average Reset Rate
Interest rate floors					
Purchased Interest Rate Floors - 1 month LIBOR	$ 7,200	0.37	$ 59	1.81 %	0.15 %
Purchased Floor Spread - 1 month LIBOR	400	1.74	7	2.50 / 1.50	0.15
Purchased Floor Spread - 1 month LIBOR forward starting (5)	2,500	3.72	76	1.65 / 0.70	—
Purchased Floor Spread - 1 month LIBOR (economic hedges)	1,000	2.29	18	1.75 / 1.00	0.16
Interest rate caps					
Purchased Cap - 1 month LIBOR (economic hedges)	5,000	6.91	91	0.98	0.15
Total floors portfolio	$ 16,100		$ 251		

	December 31, 2019				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Fixed Rate	Weighted-Average Reset Rate
Asset conversion swaps					
Receive Fixed - Pay 1 month LIBOR	$ 5,387	2.87	$ 51	1.89 %	1.73%
Receive Fixed - Pay 1 month LIBOR - forward starting (6)	3,250	4.02	(28)	1.32	—
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	5,250	2.97	146	2.37	1.72
Receive Fixed - Pay 3 month LIBOR	2,290	0.84	5	1.80	1.94
Total swap portfolio	$ 16,177		$ 174		

	December 31, 2019				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Floor Strike	Weighted-Average Reset Rate
Interest rate floors					
Purchased Interest Rate Floors - 1 month LIBOR	$ 9,200	1.45	$ 36	1.84 %	1.54 %
Purchased Floor Spread - 1 month LIBOR	400	2.74	8	2.50 / 1.50	1.79
Purchased Floor Spread - 1 month LIBOR - forward starting (7)	150	4.34	2	1.75 / 1.00	—
Total floors portfolio	$ 9,750		$ 46		

(1) Amounts include interest rate swaps as fair value hedges of fixed-rate investment securities using the last-of-layer method.
(2) Forward starting swaps will become effective April 2021.
(3) Forward starting swaps will become effective from January 2021 to May 2021.
(4) Swaps have variable pay and variable receive resets. Weighted Average Fixed Rate column represents pay rate reset.
(5) Forward starting floor spreads will become effective from March 2021 to June 2021.
(6) Forward starting swaps will become effective from January 2020 to June 2021.
(7) Forward starting floors will become effective from March 2021 to June 2021.

MSRs

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

On January 1, 2020, Huntington made an irrevocable election to subsequently measure all classes of residential MSRs at fair value in order to eliminate any potential measurement mismatch between our economic hedges and the MSRs. The impact of the irrevocable election was not material.

At December 31, 2020, we had a total of $210 million of capitalized MSRs representing the right to service $23 billion in mortgage loans.

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

MSR assets are included in servicing rights and other intangible assets in the Consolidated Financial Statements.

Price Risk

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

Liquidity Risk

Liquidity risk is the possibility of us being unable to meet current and future financial obligations in a timely manner. Liquidity is managed to ensure stable, reliable, and cost-effective sources of funds to satisfy demand for credit, deposit withdrawals and investment opportunities. We consider core earnings, strong capital ratios, and credit quality essential for maintaining high credit ratings, which allows us cost-effective access to market-based liquidity. We rely on a large, stable core deposit base and a diversified base of wholesale funding sources to manage liquidity risk. The ALCO is appointed by the ROC to oversee liquidity risk management and the establishment of liquidity risk policies and limits. Liquidity Risk is managed centrally by Corporate Treasury. The position is evaluated daily, weekly, and monthly by analyzing the composition of all funding sources, reviewing projected liquidity commitments by future months, and identifying sources and uses of funds. The overall management of our liquidity position is also integrated into retail and commercial pricing policies to ensure a stable core deposit base. Liquidity risk is reviewed and managed continuously 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.

Our primary source of liquidity is our core deposit base. Core deposits comprised approximately 96% of total deposits at December 31, 2020. We also have available unused wholesale sources of liquidity, including advances from the FHLB, issuance through dealers in the capital markets, and access to certificates of deposit issued through brokers. Liquidity is further provided by unencumbered, or unpledged, investment securities that totaled $10.8 billion as of December 31, 2020. The treasury department also prepares a contingency funding plan that details the potential erosion of funds in the event of a systemic financial market crisis or institutional-specific stress scenario. An example of an institution specific event would be a downgrade in our public credit rating by a rating agency due to factors such as deterioration in asset quality, a large charge to earnings, a decline in profitability or other financial measures, or a significant merger or acquisition. Examples of systemic events unrelated to us that could have an effect on our access to liquidity would be terrorism or war, natural disasters, political events, or the default or bankruptcy of a major corporation, mutual fund or hedge fund. Similarly, market speculation or rumors about us, or the banking industry in general, may adversely affect the cost and availability of normal funding sources. The liquidity contingency plan therefore outlines the process for addressing a liquidity crisis. The plan provides for an evaluation of funding sources under various market conditions. It also assigns specific roles and responsibilities and communication protocols for effectively managing liquidity through a problem period.

During 2020, Huntington heightened its overall liquidity risk management process, including additional communication, monitoring, and reporting, given changes in the economic environment as a result of COVID-19. Overnight funding markets continue to demonstrate ample liquidity with the ability to obtain short-term funding. We continue to closely monitor wholesale funding markets and all government sponsored programs in relation to Huntington's liquidity position.

Investment securities portfolio

(This section should be read in conjunction with Note 4 - "Investment Securities and Other Securities" of the Notes to Consolidated Financial Statements.)

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

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

Table 19 - Investment Securities and Other Securities Portfolio Summary

(dollar amounts in millions)	At December 31,		
Available-for-sale securities, at fair value:	2020	2019	2018
U.S. Treasury, Federal agency, and other agency securities	$ 12,831	$ 10,458	$ 9,968
Municipal securities	3,004	3,055	3,440
Other	650	636	372
Total available-for-sale securities	$ 16,485	$ 14,149	$ 13,780
Held-to-maturity securities, at cost:			
Federal agency and other agency securities	$ 8,858	$ 9,066	$ 8,560
Municipal securities	3	4	5
Total held-to-maturity securities	$ 8,861	$ 9,070	$ 8,565
Other securities:			
Other securities, at cost:			
Non-marketable equity securities (1)	$ 359	$ 387	$ 543
Other securities, at fair value:			
Mutual Funds	50	53	20
Marketable equity securities	9	1	2
Total other securities	$ 418	$ 441	$ 565
Duration in years (2)	3.4	4.5	4.3

(1) Consists of FHLB and FRB restricted stock holdings carried at par.
(2) The average duration assumes a market driven prepayment rate on securities subject to prepayment.

Table 20 - Investment Securities Portfolio Composition and Contractual Maturity

	At December 31, 2020									
	1 year or less		After 1 year through 5 years		After 5 years through 10 years		After 10 years		Total	
(dollar amounts in millions)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)
Available-for-sale securities, at fair value:										
U.S. Treasury	$ —	— %	$ 5	0.14 %	$ —	— %	$ —	— %	$ 5	0.14 %
Federal agencies:										
Residential CMO	—	—	55	1.87	—	—	3,611	2.39	3,666	2.39
Residential MBS	—	—	—	—	—	—	7,935	1.59	7,935	1.59
Commercial MBS	—	—	—	—	—	—	1,163	2.17	1,163	2.17
Other agencies	1	3.44	45	2.52	16	2.48	—	—	62	2.53
Total U.S. Treasury, Federal agencies and other agencies	1	3.46	105	2.06	16	2.49	12,709	1.87	12,831	1.87
Municipal securities	289	2.41	1,016	2.13	1,186	2.77	513	3.20	3,004	2.58
Private-label CMO	—	—	4	0.54	3	2.50	2	1.73	9	1.49
Asset-backed securities	10	1.14	2	2.74	31	1.60	149	3.64	192	3.16
Corporate debt	1	3.30	26	1.80	418	1.78	—	—	445	1.78
Other securities/Sovereign debt	3	2.60	1	1.64	—	—	—	—	4	2.42
Total available-for-sale securities	$ 304	2.38 %	$ 1,154	2.11 %	$ 1,654	2.49 %	$ 13,373	1.94 %	$ 16,485	2.01 %
Held-to-maturity securities, at cost:										
Federal agencies:										
Residential CMO	$ —	— %	$ 25	3.07 %	$ —	— %	$ 1,754	2.67 %	$ 1,779	2.67 %
Residential MBS	—	—	—	—	—	—	3,715	2.01	3,715	2.01
Commercial MBS	—	—	86	3.04	34	2.77	2,998	2.97	3,118	2.97
Other agencies	—	—	49	2.47	97	2.47	100	2.53	246	2.50
Total Federal agencies and other agencies	—	—	160	2.87	131	2.55	8,567	2.49	8,858	2.50
Municipal securities	—	—	—	—	—	—	3	2.63	3	2.63
Total held-to-maturity securities	$ —	— %	$ 160	2.87 %	$ 131	2.55 %	$ 8,570	2.49 %	$ 8,861	2.50 %

(1) Weighted average yields were calculated using amortized cost on a fully-taxable equivalent basis, assuming a 21% tax rate where applicable.

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are retail and commercial core deposits. At December 31, 2020, these core deposits funded 77% of total assets (116% of total loans). Other sources of liquidity include non-core deposits, FHLB advances, wholesale debt instruments, and securitizations. Demand deposit overdrafts have been reclassified as loan balances and were $14 million and $25 million at December 31, 2020 and December 31, 2019, respectively.

The following table reflects contractual maturities of certain deposits at December 31, 2020.

Table 21 - Maturity Schedule of time deposits, brokered deposits, and negotiable CDs

	At December 31, 2020				
(dollar amounts in millions)	3 Months or Less	3 Months to 6 Months	6 Months to 12 Months	12 Months or More	Total
Other domestic time deposits of $250,000 or more and brokered deposits and negotiable CDs	$ 4,237	$ 54	$ 45	$ 18	$ 4,354
Other domestic time deposits of $100,000 or more and brokered deposits and negotiable CDs	$ 4,326	$ 197	$ 162	$ 83	$ 4,768

The following table reflects deposit composition detail for each of the last three years:

Table 22 - Deposit Composition

(dollar amounts in millions)	At December 31, 2020		2019		2018 (1)	
By Type:						
Demand deposits—noninterest-bearing	$ 28,553	29 %	$ 20,247	25 %	$ 21,783	26 %
Demand deposits—interest-bearing	26,757	27	20,583	25	20,042	24
Money market deposits	26,248	27	24,726	30	22,721	27
Savings and other domestic deposits	11,722	12	9,549	12	10,451	12
Core certificates of deposit (2)	1,425	1	4,356	5	5,924	7
Total core deposits:	94,705	96	79,461	97	80,921	96
Other domestic deposits of $250,000 or more	131	—	313	—	337	—
Brokered deposits and negotiable CDs	4,112	4	2,573	3	3,516	4
Total deposits	$ 98,948	100 %	$ 82,347	100 %	$ 84,774	100 %
Total core deposits:						
Commercial	$ 44,698	47 %	$ 34,957	44 %	$ 37,268	46 %
Consumer	50,007	53	44,504	56	43,653	54
Total core deposits	$ 94,705	100 %	$ 79,461	100 %	$ 80,921	100 %

(1) December 31, 2018 includes $210 million of noninterest-bearing and $662 million of interesting bearing deposits classified as held-for-sale.
(2) Includes consumer certificates of deposit of $250,000 or more.

The Bank maintains borrowing capacity at the FHLB and the Federal Reserve Bank Discount Window. The Bank does not consider borrowing capacity from the Federal Reserve Bank Discount Window as a primary source of liquidity. Total loans and securities pledged to the Federal Reserve Bank Discount Window and the FHLB are $53.4 billion and $39.6 billion at December 31, 2020 and December 31, 2019, respectively.

To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through sources of wholesale funding, asset securitization or sale. Sources of wholesale funding include other domestic deposits of $250,000 or more, brokered deposits and negotiable CDs, short-term borrowings, and long-term debt. At December 31, 2020, total wholesale funding was $12.8 billion, a decrease from $15.3 billion at December 31, 2019. The decrease from the prior year-end primarily relates to an decrease in short-term borrowings and maturity, redemption and tender of long-term debt, partially offset by a increase in brokered deposits and negotiable CDs.

At December 31, 2020, we believe the Bank has sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Table 23 - Maturity Schedule of Commercial Loans

(dollar amounts in millions)	At December 31, 2020 One Year or Less	One to Five Years	After Five Years	Total	Percent of total
Commercial and industrial	$ 9,329	$ 21,603	$ 4,441	$ 35,373	83 %
Commercial real estate—construction	381	579	75	1,035	3
Commercial real estate—commercial	1,053	3,694	1,417	6,164	14
Total	$ 10,763	$ 25,876	$ 5,933	$ 42,572	100 %
Variable-interest rates	$ 8,798	$ 20,693	$ 3,578	$ 33,069	78 %
Fixed-interest rates	1,965	5,183	2,355	9,503	22
Total	$ 10,763	$ 25,876	$ 5,933	$ 42,572	100 %
Percent of total	25 %	61 %	14 %	100 %	

At December 31, 2020, the market value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, and security repurchase agreements totaled $14.4 billion. There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10% of shareholders' equity at December 31, 2020.

Parent Company Liquidity

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

At December 31, 2020 and December 31, 2019, the parent company had $4.4 billion and $3.1 billion, respectively, in cash and cash equivalents.

On January 20, 2021, the Board of Directors declared a quarterly common stock cash dividend of $0.15 per common share. The dividend is payable on April 1, 2021, to shareholders of record on March 18, 2021. Based on the current quarterly dividend of $0.15 per common share, cash demands required for common stock dividends are estimated to be approximately $153 million per quarter. On January 20, 2021, the Board of Directors declared a quarterly Series B, Series C, Series D, Series E, Series F, and Series G Preferred Stock dividend payable on April 15, 2021 to shareholders of record on April 1, 2021. Total cash demands required for Series B, Series C, Series D, Series E, Series F, and Series G Preferred Stock are expected to be approximately $31 million per quarter.

During 2020, the Bank paid preferred and common dividends of $45 million and $1.5 billion, respectively. To meet any additional liquidity needs, the parent company may issue debt or equity securities from time to time.

Off-Balance Sheet Arrangements

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

COMMITMENTS TO EXTEND CREDIT

Commitments to extend credit generally have fixed expiration dates, are variable-rate, and contain clauses that permit Huntington to terminate or otherwise renegotiate the contracts in the event of a significant deterioration in the customer's credit quality. These arrangements normally require the payment of a fee by the customer, the pricing of which is based on prevailing market conditions, credit quality, probability of funding, and other relevant factors. Since many of these commitments are expected to expire without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements. The interest rate risk arising from these financial instruments is insignificant as a result of their predominantly short-term, variable-rate nature. *See Note 23 - "Commitments and Contingent Liabilities" of the Notes to Consolidated Financial Statements for more information.*

INTEREST RATE SWAPS

Balance sheet hedging activity is arranged to receive hedge accounting treatment and is classified as either fair value or cash flow hedges. Fair value hedges are purchased to convert deposits and long-term debt from fixed-rate obligations to floating rate. Cash flow hedges are also used to convert floating rate loans made to customers into fixed rate loans. *See Note 21 - "Derivative Financial Instruments" of the Notes to Consolidated Financial Statements for more information.*

STANDBY LETTERS-OF-CREDIT

Standby letters-of-credit are conditional commitments issued to guarantee the performance of a customer to a third-party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years and are expected to expire without being drawn upon. Standby letters-of-credit are included in the determination of the amount of risk-based capital that the parent company and the Bank are required to hold. Through our credit process, we monitor the credit risks of outstanding standby letters-of-credit. When it is probable that a standby letter-of-credit will be drawn and not repaid in full, a loss is recognized in the provision for credit losses. *See Note 23 - "Commitments and Contingent Liabilities" of the Notes to Consolidated Financial Statements for more information.*

COMMITMENTS TO SELL LOANS

Activity related to our mortgage origination activity supports the hedging of the mortgage pricing commitments to customers and the secondary sale to third parties. In addition, we have commitments to sell residential real estate loans. These contracts mature in less than one year. *See Note 23 - "Commitments and Contingent Liabilities" of the Notes to Consolidated Financial Statements for more information.*

We believe that off-balance sheet arrangements are properly considered in our liquidity risk management process.

Table 24 - Contractual Obligations (1)

(dollar amounts in millions)	At December 31, 2020				
	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Deposits without a stated maturity	$ 96,966	$ —	$ —	$ —	$ 96,966
Certificates of deposit and other time deposits	1,591	336	55	—	1,982
Short-term borrowings	183	—	—	—	183
Long-term debt	1,866	3,629	1,442	1,254	8,191
Operating lease obligations	43	79	58	77	257
Purchase commitments	121	113	45	67	346

(1) Amounts do not include associated interest payments.

Operational Risk

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

We evaluate internal systems, processes and controls to mitigate loss from cyber-attacks and, to date, have not experienced any material losses. Cybersecurity threats have increased, primarily through COVID-19 themed phishing campaigns. We are actively monitoring our email gateways for malicious phishing email campaigns. We have also increased our cybersecurity monitoring activities through the implementation of specific monitoring of remote connections by geography and volume of connections to detect anomalous remote logins, since a significant portion of our workforce is now working remotely.

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

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

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

Compliance Risk

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

Capital

(This section should be read in conjunction with the "Regulatory Matters" section included in Part I, Item 1: Business and Note 24 - "Other Regulatory Matters" of the Notes to Consolidated Financial Statements.)

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

The U.S. federal banking regulatory agencies have permitted BHCs and banks to phase-in, for regulatory capital purposes, the day-one impact of the new CECL accounting rule on retained earnings over a period of three years. As part of its response to the impact of COVID-19, the U.S. federal banking regulatory agencies issued a final rule that provides the option to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period. The final rule allows BHCs and banks to delay for two years 100% of the day-one impact of adopting CECL and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL. Huntington has elected to adopt the final rule, which is reflected in the regulatory capital data presented below.

Regulatory Capital

We are subject to the Basel III capital requirements including the standardized approach for calculating risk-weighted assets in accordance with subpart D of the final capital rule. The following table presents risk-weighted assets and other financial data necessary to calculate certain financial ratios, including CET1, which we use to measure capital adequacy.

Table 25 - Capital Under Current Regulatory Standards (Basel III)

(dollar amounts in millions)	At December 31, 2020	2019
CET 1 risk-based capital ratio:		
Total shareholders' equity	$ 12,992	11,795
Regulatory capital adjustments:		
CECL transitional amount (1)	453	—
Shareholders' preferred equity and related surplus	(2,196)	(1,207)
Accumulated other comprehensive loss (income) offset	(192)	256
Goodwill and other intangibles, net of taxes	(2,107)	(2,153)
Deferred tax assets that arise from tax loss and credit carryforwards	(63)	(44)
CET 1 capital	8,887	8,647
Additional tier 1 capital		
Shareholders' preferred equity and related surplus	2,196	1,207
Tier 1 capital	11,083	9,854
Long-term debt and other tier 2 qualifying instruments	660	672
Qualifying allowance for loan and lease losses	1,113	887
Total risk-based capital	$ 12,856	$ 11,413
Risk-weighted assets (RWA)	$ 88,878	$ 87,512
CET 1 risk-based capital ratio	10.00 %	9.88 %
Other regulatory capital data:		
Tier 1 risk-based capital ratio	12.47	11.26
Total risk-based capital ratio	14.46	13.04
Tier 1 leverage ratio	9.32	9.62

(1) The CECL transitional amount includes the impact of Huntington's adoption of the new CECL accounting standard on January 1, 2020 and 25 percent of the increase in reserves from January 1, 2020 through December 31, 2020.

Table 26 - Capital Adequacy—Non-Regulatory (Non-GAAP)

(dollar amounts in millions)	At December 31, 2020	2019
Consolidated capital calculations:		
Common shareholders' equity	$ 10,800	$ 10,592
Preferred shareholders' equity	2,192	1,203
Total shareholders' equity	12,992	11,795
Goodwill	(1,990)	(1,990)
Other intangible assets (1)	(151)	—
Total tangible equity	10,851	9,805
Preferred shareholders' equity	(2,192)	(1,203)
Total tangible common equity	$ 8,659	$ 8,602
Total assets	$ 123,038	$ 109,002
Goodwill	(1,990)	(1,990)
Other intangible assets (1)	(151)	(183)
Total tangible assets	$ 120,897	$ 106,829
Tangible equity / tangible asset ratio	8.98 %	9.01 %
Tangible common equity / tangible asset ratio	7.16	7.88
Tangible common equity / RWA ratio	9.74	9.62

(1) Other intangible assets are net of deferred tax liability.

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

Table 27 - Regulatory Capital Data (1)

(dollar amounts in millions)		At December 31, Basel III	
		2020	2019
Total risk-weighted assets	Consolidated	$ 88,878	$ 87,512
	Bank	88,601	87,298
CET 1 risk-based capital	Consolidated	8,887	8,647
	Bank	9,438	9,747
Tier 1 risk-based capital	Consolidated	11,083	9,854
	Bank	10,601	10,621
Tier 2 risk-based capital	Consolidated	1,774	1,559
	Bank	1,431	1,243
Total risk-based capital	Consolidated	12,856	11,413
	Bank	12,032	11,864
CET 1 risk-based capital ratio	Consolidated	10.00 %	9.88 %
	Bank	10.65	11.17
Tier 1 risk-based capital ratio	Consolidated	12.47	11.26
	Bank	11.97	12.17
Total risk-based capital ratio	Consolidated	14.46	13.04
	Bank	13.58	13.59
Tier 1 leverage ratio	Consolidated	9.32	9.26
	Bank	8.94	10.01

At December 31, 2020, we maintained Basel III capital ratios in excess of the well-capitalized standards established by the FRB. The balance sheet growth impact on regulatory capital ratios was largely offset by a change in asset mix during 2020 related to PPP loans and elevated deposits at the Federal Reserve, both of which are 0% risk weighted. The capital impact of earnings, adjusted for the CECL transition, was largely offset by the repurchase of $92 million of common stock over the last four quarters (primarily in the 2020 first quarter) and cash dividends. The regulatory Tier 1 risk-based capital and total risk-based capital ratios also reflect the issuance of $500 million of Series F preferred stock and $500 million of Series G preferred stock in the 2020 second quarter and third quarter, respectively.

Shareholders' Equity

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

Shareholders' equity totaled $13.0 billion at December 31, 2020, an increase of $1.2 billion or 10% when compared with December 31, 2019 due to the issuance of $500 million of Series F Preferred Stock and $500 million of Series G Preferred Stock in the 2020 second quarter and third quarter, respectively.

On February 2, 2021, Huntington issued $500 million of preferred stock. Huntington issued 20,000,000 depositary shares, each representing a 1/40th ownership interest in a share of 4.50% Series H Non-Cumulative Perpetual Preferred Stock (Preferred H Stock), par value $0.01 per share, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share).

On June 25, 2020, we were notified by the FRB that certain large BHCs, including Huntington, were required to update and resubmit their capital plans because of changes in financial markets and the macroeconomic outlook that could have a material impact on the BHC's risk profile and financial condition required the use of updated scenarios. On December 18, 2020, we were notified by the FRB that under both of the severely adverse and the alternative severely adverse economic stress scenarios in the supervisory stress tests, our modeled capital ratios would continue to exceed the minimum requirements under the FRB's capital adequacy rules. In addition, the FRB announced that they were extending, through March 31, 2021, the time period for the FRB to notify certain large BHCs, including Huntington, whether the FRB will recalculate BHC's stress capital buffer.

The FRB also announced that certain large BHCs, including Huntington, will be permitted to make both dividend and share repurchases during the first quarter of 2021, subject to limits based on the amount of dividends paid in the second quarter of 2020 and the Bank's average net income for the four preceding quarters. Our first quarter dividend that was declared by the Board of Directors on January 22, 2021 complies with these limits. The FRB will conduct additional analysis each quarter to determine if the restrictions on first quarter capital distributions should be extended to future quarters.

Dividends

We consider disciplined capital management as a key objective, with dividends representing one component. Our strong capital ratios position us to take advantage of additional capital management opportunities.

Share Repurchases

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

BUSINESS SEGMENT DISCUSSION

Overview

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

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

For a discussion of business segment trends for 2019 versus 2018, see "Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" Business Segment Discussion included in our 2019 Form 10-K, filed with the SEC on February 14, 2020.

Revenue Sharing

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

Expense Allocation

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

Funds Transfer Pricing (FTP)

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

Net Income by Business Segment

Net income by business segment for the past three years is presented in the following table:

Table 28 - Net Income by Business Segment

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Consumer and Business Banking	$ 270	$ 635	$ 502
Commercial Banking	78	553	624
Vehicle Finance	120	172	162
RBHPCG	85	113	119
Treasury / Other	264	(62)	(14)
Net income	$ 817	$ 1,411	$ 1,393

Treasury / Other

The Treasury / Other function includes revenue and expense related to assets, liabilities, derivatives and equity not directly assigned or allocated to one of the four business segments. Assets include investment securities and bank owned life insurance.

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

Consumer and Business Banking

Table 29 - Key Performance Indicators for Consumer and Business Banking

	Year Ended December 31,		Change from 2019		
(dollar amounts in millions unless otherwise noted)	2020	2019	Amount	Percent	2018
Net interest income	$ 1,436	$ 1,766	$ (330)	(19)%	$ 1,727
Provision for credit losses	265	114	151	132	137
Noninterest income	945	825	120	15	744
Noninterest expense	1,774	1,673	101	6	1,699
Provision for income taxes	72	169	(97)	(57)	133
Net income	$ 270	$ 635	$ (365)	(57)%	$ 502
Number of employees (average full-time equivalent)	7,908	8,000	(92)	(1)%	8,348
Total average assets	$ 28,853	$ 25,411	$ 3,442	14	$ 25,147
Total average loans/leases	25,453	22,130	3,323	15	22,037
Total average deposits	56,960	51,645	5,315	10	47,782
Net interest margin	2.48 %	3.37 %	(0.89)%	(26)	3.56 %
NCOs	$ 102	$ 128	$ (26)	(20)	$ 108
NCOs as a % of average loans and leases	0.40 %	0.58 %	(0.18)%	(31)	0.49 %

2020 versus 2019

Consumer and Business Banking, including Home Lending, reported net income of $270 million in 2020, a decrease of $365 million, or 57%, compared with net income of $635 million in 2019. Segment net interest income decreased $330 million, or 19%, due to decreased spread on deposits. The provision for credit losses increased $151 million, or 132% due to the deteriorating economic environment as a result of the COVID-19 pandemic. Noninterest income increased $120 million, or 15%, primarily due to increased mortgage banking income, partially offset by lower service charge income reflecting reduced customer activity and elevated deposit levels. Noninterest expense increased $101 million, or 6%, due to increased personnel and allocated overhead, slightly offset by lower occupancy and equipment expense as a result of branch consolidations and divestitures, along with decreased travel.

Home Lending, an operating unit of Consumer and Business Banking, reflects the result of the origination, sale, and servicing of mortgage loans less referral fees and net interest income for mortgage banking products distributed by the retail branch network and other business segments. Home Lending reported net income of $78 million in 2020, compared with a net income of $23 million in the prior year. Noninterest income increased $179 million, driven primarily by higher secondary marketing spreads and an increase in salable mortgage originations. Noninterest expense increased $80 million due to higher personnel expense as a result of higher origination volumes.

Commercial Banking

Table 30 - Key Performance Indicators for Commercial Banking

	Year Ended December 31,		Change from 2019		
(dollar amounts in millions unless otherwise noted)	2020	2019	Amount	Percent	2018
Net interest income	$ 903	$ 1,037	$ (134)	(13)%	$ 1,013
Provision for credit losses	626	132	494	374	42
Noninterest income	364	359	5	1	321
Noninterest expense	542	564	(22)	(4)	502
Provision for income taxes	21	147	(126)	(86)	166
Net income	$ 78	$ 553	$ (475)	(86)%	$ 624
Number of employees (average full-time equivalent)	1,276	1,317	(41)	(3)%	1,256
Total average assets	$ 35,490	$ 33,843	$ 1,647	5	$ 31,209
Total average loans/leases	27,234	27,151	83	—	26,137
Total average deposits	23,321	21,072	2,249	11	22,197
Net interest margin	3.04 %	3.49 %	(0.45)%	(13)	3.53 %
NCOs	$ 302	$ 93	$ 209	225	$ (7)
NCOs as a % of average loans and leases	1.11 %	0.34 %	0.77 %	226	(0.03)%

2020 versus 2019

Commercial Banking reported net income of $78 million in 2020, a decrease of $475 million, or 86%, compared to the year ago period. Segment net interest income decreased $134 million, or 13%, primarily due to a 45 basis point decrease in net interest margin driven by a sharp decline in the benefit of deposits. The provision for credit losses increased $494 million, or 374%, due to the deteriorating economic environment as a result of the COVID-19 pandemic, as well as an increase incurred losses largely driven by oil and gas, a coal-related credit and a large retail mall REIT relationship. Noninterest income increased $5 million, or 1%, largely driven by an increase in treasury management related revenue reflecting the impact of lower earnings credits on commercial deposit service charges, partially offset by a decline in the gains on sale of loans and leases. Noninterest expense decreased $22 million, or 4%, primarily due to personnel expense reflecting a reduction in incentives and a 3% reduction in full-time equivalent employees, and lower travel and business development expense as a result of COVID-19 related shelter-in-place ordinances, partially offset by an increase in outside data processing and other services.

Vehicle Finance

Table 31 - Key Performance Indicators for Vehicle Finance

	Year Ended December 31,		Change from 2019		
(dollar amounts in millions unless otherwise noted)	2020	2019	Amount	Percent	2018
Net interest income	$ 430	$ 397	$ 33	8 %	$ 392
Provision (reduction in allowance) for credit losses	146	44	102	232	55
Noninterest income	9	12	(3)	(25)	11
Noninterest expense	141	148	(7)	(5)	143
Provision for income taxes	32	45	(13)	(29)	43
Net income	$ 120	$ 172	$ (52)	(30)%	$ 162
Number of employees (average full-time equivalent)	266	265	1	— %	264
Total average assets	$ 19,760	$ 19,393	$ 367	2	$ 18,430
Total average loans/leases	19,939	19,466	473	2	18,484
Total average deposits	653	333	320	96	338
Net interest margin	2.15 %	2.04 %	0.11 %	5	2.12 %
NCOs	$ 45	$ 43	$ 2	5	$ 43
NCOs as a % of average loans and leases	0.23 %	0.22 %	0.01 %	5	0.23 %

2020 versus 2019

Vehicle Finance reported net income of $120 million in 2020, a decrease of $52 million, or 30%, compared with net income of $172 million in 2019. The decrease was primarily driven by a $102 million increase in the provision for loan losses due to the changes in the economic outlook as a result of the COVID-19 pandemic. Segment net interest income increased $33 million or 8%, due to a 11 basis point increase in the net interest margin and a $0.5 billion increase in average loan balances. The increase in average loan balances reflects strong indirect auto and RV and marine originations over the past 12 months which have more than offset lower commercial balances as a result of lower floor plan line utilization. Noninterest income decreased $3 million primarily as a result of lower servicing revenue as the remaining underlying serviced loans were repurchased during the latter half of 2020, while noninterest expense decreased $7 million, or 5%, primarily reflecting lower allocated overhead.

Regional Banking and The Huntington Private Client Group

Table 32 - Key Performance Indicators for Regional Banking and The Huntington Private Client Group

(dollar amounts in millions unless otherwise noted)	Year Ended December 31, 2020	2019	Change from 2019 Amount	Percent	2018
Net interest income	$ 160	$ 198	$ (38)	(19)%	$ 203
Provision (reduction in allowance) for credit losses	11	(3)	14	467	1
Noninterest income	201	198	3	2	193
Noninterest expense	243	256	(13)	(5)	244
Provision for income taxes	22	30	(8)	(27)	32
Net income	$ 85	$ 113	$ (28)	(25)%	$ 119
Number of employees (average full-time equivalent)	1,018	1,057	(39)	(4)%	1,026
Total average assets	$ 6,845	$ 6,438	$ 407	6	$ 5,802
Total average loans/leases	6,574	6,132	442	7	5,487
Total average deposits	6,531	5,983	548	9	5,926
Net interest margin	2.36 %	3.18 %	(0.82)%	(26)	3.32 %
NCOs	$ —	$ 1	$ (1)	(100)	$ —
NCOs as a % of average loans and leases	0.01 %	0.02 %	(0.01)%	(50)	— %
Total assets under management *(in billions)—eop*	$ 19.8	$ 17.5	$ 2.3	13	$ 15.3
Total trust assets *(in billions)—eop*	123.0	121.8	1.2	1	105.1

eop—End of Period.

2020 versus 2019

RBHPCG reported net income of $85 million in 2020, a decrease of $28 million, or 25%, compared with a net income of $113 million in 2019. Net interest income decreased $38 million, or 19%, due to an 82 basis point decrease in net interest margin, reflecting both lower deposit and loan spreads. Average loans increased $0.4 billion, or 7%, primarily due to residential real estate mortgage loans, and average deposits increased $0.5 billion, or 9%, primarily related to PPP, stimulus, and higher customer liquidity levels. Noninterest income increased $3 million, or 2%, primarily due to the gain on sale of Retirement Plan Services recordkeeping and administrative services, higher residential title and life insurance fees, and an increase in assets under management. Noninterest expense decreased $13 million, or 5%, primarily due to lower travel and business development expense as well as lower sponsorships due to delays or cancellation of events.

RESULTS FOR THE FOURTH QUARTER

Earnings Discussion

In the 2020 fourth quarter, we reported net income of $316 million, a decrease of $1 million, from the 2019 fourth quarter. Diluted earnings per common share for the 2020 fourth quarter were $0.27, a decrease of $0.01 from the year-ago quarter.

Net Interest Income / Average Balance Sheet

FTE net interest income for the 2020 fourth quarter increased $44 million, or 6%, from the 2019 fourth quarter. This reflected a $12.2 billion, or 12%, increase in average earning assets, partially offset by an 18 basis point decrease in the FTE net interest margin to 2.94%. The NIM compression reflected a 90 basis point decrease in average earning asset yields and a 25 basis point decrease in the benefit of non-interest bearing funding sources, partially offset by a 97 basis point decrease in the cost of interest bearing liabilities. These decreases reflected the impact of lower interest rates and changes in balance sheet mix, including elevated deposits at the Federal Reserve Bank.

Table 33 - Average Earning Assets - 2020 Fourth Quarter vs. 2019 Fourth Quarter

	Fourth Quarter		Change	
(dollar amounts in millions)	2020	2019	Amount	Percent
Loans/Leases				
Commercial and industrial	$ 34,850	$ 30,373	$ 4,477	15 %
Commercial real estate	7,177	6,806	371	5
Total commercial	42,027	37,179	4,848	13
Automobile	12,857	12,607	250	2
Home equity	8,919	9,192	(273)	(3)
Residential mortgage	12,100	11,330	770	7
RV and marine	4,181	3,564	617	17
Other consumer	1,032	1,231	(199)	(16)
Total consumer	39,089	37,924	1,165	3
Total loans/leases	81,116	75,103	6,013	8
Total securities	24,075	23,161	914	4
Loans held-for-sale and other earning assets	7,031	1,798	5,233	291
Total earning assets	$ 112,222	$ 100,062	$ 12,160	12 %

Average earning assets for the 2020 fourth quarter increased $12.2 billion, or 12%, from the year-ago quarter, primarily reflecting a $6.0 billion, or 8%, increase in average total loans and leases. Average C&I loans increased $4.5 billion, or 15%, primarily reflecting $6.2 billion of average PPP loans, partially offset by a $0.9 billion decrease in dealer floorplan loans. Average residential mortgage loans increased $0.8 billion, or 7%, reflecting robust mortgage production in the second half of 2020. Average RV and marine loans increased $0.6 billion, or 17%, reflecting strong consumer demand and continued strong production levels. Average held-for-sale and other earning assets increased $5.2 billion, or 291%, primarily reflecting the $4.8 billion increase in interest bearing deposits at the Federal Reserve Bank. Average total securities increased $0.9 billion, or 4%, primarily reflecting the net purchase of securities during the 2020 fourth quarter and the $0.2 billion mark-to-market of the available-for-sale portfolio.

Table 34 - Average Interest-Bearing Liabilities - 2020 Fourth Quarter vs. 2019 Fourth Quarter

	Fourth Quarter		Change	
(dollar amounts in millions)	2020	2019	Amount	Percent
Interest-bearing deposits:				
Demand deposits: interest-bearing	25,094	20,140	4,954	25
Money market deposits	26,144	24,560	1,584	6
Savings and other domestic deposits	11,468	9,552	1,916	20
Core certificates of deposit	1,479	4,795	(3,316)	(69)
Other domestic deposits of $250,000 or more	139	313	(174)	(56)
Brokered deposits and negotiable CDs	4,100	2,589	1,511	58
Total interest-bearing deposits	68,424	61,949	6,475	10
Short-term borrowings	239	1,965	(1,726)	(88)
Long-term debt	8,799	9,886	(1,087)	(11)
Total interest-bearing liabilities	$ 77,462	$ 73,800	$ 3,662	5 %

Average total interest-bearing liabilities for the 2020 fourth quarter increased $3.7 billion, or 5%, from the year-ago quarter. Average interest-bearing demand deposits increased $5.0 billion, or 25%, average savings and other domestic deposits increased $1.9 billion, or 20%, and average money market deposits increased $1.6 billion, or 6%. Average brokered deposits and negotiable CDs increased $1.5 billion, or 58%, reflecting balance growth in new and existing brokered deposit accounts. Partially offsetting these increases, average core CDs decreased $3.3 billion, or 69%, reflecting the maturity of balances related to the 2018 consumer deposit growth initiatives. Average total debt decreased $2.8 billion, or 24%, reflecting the repayment of short-term borrowings, the maturity and issuance of $2.1 billion and $1.2 billion of long-term debt, respectively, over the past five quarters, and the purchase of $0.5 billion of long-term debt under the tender offer completed in November 2020, all due to the strong core deposit growth.

Provision for Credit Losses

The provision for credit losses increased $24 million to $103 million in the 2020 fourth quarter compared to $79 million from the year-ago quarter.

Noninterest Income

Table 35 - Noninterest Income - 2020 Fourth Quarter vs. 2019 Fourth Quarter

	Fourth Quarter		Change	
(dollar amounts in millions)	2020	2019	Amount	Percent
Mortgage banking income	$ 90	$ 58	$ 32	55 %
Service charges on deposit accounts	78	95	(17)	(18)
Card and payment processing income	65	64	1	2
Trust and investment management services	49	47	2	4
Capital markets fees	34	31	3	10
Insurance income	25	24	1	4
Bank owned life insurance income	14	17	(3)	(18)
Gain on sale of loans	13	16	(3)	(19)
Net (losses) gains on sales of securities	—	(22)	22	100
Other noninterest income	41	42	(1)	(2)
Total noninterest income	$ 409	$ 372	$ 37	10 %

Noninterest income for the 2020 fourth quarter increased $37 million, or 10%, from the year-ago quarter. Mortgage banking income increased $32 million, or 55%, primarily reflecting higher volume and overall salable spreads, partially offset by a $16 million decrease in income from net mortgage servicing rights (MSR) risk management. The 2020 fourth quarter included no net gains or losses on sales of securities, while the year-ago quarter included $22 million of net losses related to the $2 billion portfolio repositioning completed in the quarter. Service charges on deposits accounts decreased $17 million, or 18%, primarily reflecting reduced customer activity and elevated deposits.

Noninterest Expense

Table 36 - Noninterest Expense - 2020 Fourth Quarter vs. 2019 Fourth Quarter

	Fourth Quarter		Change	
(dollar amounts in millions)	2020	2019	Amount	Percent
Personnel costs	$ 426	$ 426	$ —	— %
Outside data processing and other services	111	89	22	25
Equipment	49	42	7	17
Net occupancy	39	41	(2)	(5)
Professional services	21	14	7	50
Amortization of intangibles	10	12	(2)	(17)
Marketing	15	9	6	67
Deposit and other insurance expense	8	10	(2)	(20)
Other noninterest expense	77	58	19	33
Total noninterest expense	$ 756	$ 701	$ 55	8 %
Number of employees (average full-time equivalent)	15,477	15,495	(18)	— %

Noninterest expense for the 2020 fourth quarter increased $55 million, or 8%, from the year-ago quarter. Outside data processing and other services expense increased $22 million, or 25%, primarily driven by expenses related to technology investments. Other noninterest expense increased $19 million, or 33%, primarily reflecting a $20 million donation to The Columbus Foundation and $7 million of expense from the November 2020 debt tender, partially offset by a $4 million final true-up of the earn out related to the Hutchinson, Shockey, Erley & Co. acquisition in the year-ago quarter. Equipment expense increased $7 million, or 17%, primarily reflecting increased depreciation expense related to technology investments as well as expense related to the branch and facilities consolidations announced in the 2020 third quarter. Professional services expense increased $7 million, or 50%, due to $8 million of TCF merger-related expense. Marketing increased $6 million, or 67%, primarily reflecting strategic marketing campaigns. The 2020 fourth quarter and 2019 fourth quarter included $6 million and $25 million of total noninterest expense, respectively, related to the previously-announced position reductions and consolidation of branches and other corporate facilities.

Provision for Income Taxes

(This section should be read in conjunction with Note 1 - "Significant Accounting Policies" and Note 19 - "Income Taxes" of the Notes to Consolidated Financial Statements.)

The provision for income taxes was $59 million in the 2020 fourth quarter compared to $55 million in the 2019 fourth quarter. The effective tax rates for the 2020 fourth quarter and 2019 fourth quarter were 15.8% and 14.8%, respectively.

At December 31, 2020, the Company had a net federal deferred tax liability of $158 million and a net state deferred tax asset of $24 million.

Credit Quality

NCOs

NCOs increased $39 million year-over-year to $112 million. The increase in commercial NCOs was related to the loss incurred on loan sales from one retail mall REIT relationship, while the decrease in consumer NCOs reflected continued strong performance in those portfolios. NCOs represented an annualized 0.55% of average loans and leases in the current quarter, relatively unchanged from the prior quarter and up from 0.39% in the year-ago quarter.

NALs

Asset quality metrics remained in line with overall expectations. The consumer portfolio metrics remained relatively stable, reflecting normal seasonal impacts. The commercial portfolio metrics reflected continued volatility in the oil and gas portfolio, while the remainder of the commercial portfolio has performed well.

NALs increased $64 million, or 14%, from the year-ago quarter to $532 million, or 0.65% of total loans and leases. The year-over-year increase was primarily in the C&I portfolio. OREO balances decreased $7 million, or 64%, from the year-ago quarter. NPAs increased to $563 million, or 0.69% of total loans and leases and OREO. On a linked quarter basis, NALs decreased $37 million, or 7%, while NPAs decreased $39 million, or 6%.

ACL

(This section should be read in conjunction with Note 5 - "Loans / Leases" and Note 6 - "Allowance for Credit Losses" of the Notes to Consolidated Financial Statements.)

The ALLL increased by $1.0 billion from the year ago quarter, increasing as a percentage of total loans and leases to 2.22% compared to 1.04% a year ago. The ALLL as a percentage of period-end total NALs increased to 341% from 167% over the same period. The ACL increased by $1.0 billion from the year-ago quarter to $1.9 billion, or 2.29% of total loans and leases. On a linked quarter basis, the ACL decreased $12 million. We believe the levels of the ALLL and ACL are appropriate given the current level of problem loans and the economic outlook.

Table 37 - Selected Quarterly Financial Information

(amounts in millions, except per share data)	Three Months Ended December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Interest income	$ 878	$ 892	$ 902	$ 975
Interest expense	53	75	110	185
Net interest income	825	817	792	790
Provision for credit losses	103	177	327	441
Net interest income after provision for credit losses	722	640	465	349
Total noninterest income	409	430	391	361
Total noninterest expense	756	712	675	652
Income before income taxes	375	358	181	58
Provision (benefit) for income taxes	59	55	31	10
Net income	316	303	150	48
Dividends on preferred shares	35	28	19	18
Net income applicable to common shares	$ 281	$ 275	$ 131	$ 30
Common shares outstanding				
Average—basic	1,017	1,017	1,016	1,018
Average—diluted	1,036	1,031	1,029	1,035
Ending	1,017	1,017	1,017	1,014
Book value per common share	$ 10.62	$ 10.54	$ 10.44	$ 10.42
Tangible book value per common share (1)	8.51	8.43	8.32	8.28
Per common share				
Net income—basic	$ 0.28	$ 0.27	$ 0.13	$ 0.03
Net income—diluted	0.27	0.27	0.13	0.03
Return on average total assets	1.04 %	1.01 %	0.51 %	0.17 %
Return on average common shareholders' equity	10.4	10.2	5.0	1.1
Return on average tangible common shareholders' equity (2)	13.3	13.2	6.7	1.8
Efficiency ratio (3)	60.2	56.1	55.9	55.4
Effective tax rate	15.8	15.2	17.2	17.0
Margin analysis-as a % of average earning assets (5)				
Interest income (4)	3.13 %	3.22 %	3.35 %	3.88 %
Interest expense	0.19	0.26	0.41	0.74
Net interest margin (4)	2.94 %	2.96 %	2.94 %	3.14 %
Revenue—FTE				
Net interest income	$ 825	$ 817	$ 792	$ 790
FTE adjustment	5	5	5	6
Net interest income (4)	830	822	797	796
Noninterest income	409	430	391	361
Total revenue (4)	$ 1,239	$ 1,252	$ 1,188	$ 1,157

Table 38 - Selected Quarterly Capital Data

Capital adequacy (Basel III) *(dollar amounts in millions)*	2020 December 31,	September 30,	June 30,	March 31,
Total risk-weighted assets	$ 88,878	$ 88,417	$ 87,323	$ 90,193
Tier 1 leverage ratio (period end)	9.32 %	9.31 %	8.86 %	9.01 %
CET 1 risk-based capital ratio	10.00	9.89	9.84	9.47
Tier 1 risk-based capital ratio (period end)	12.47	12.37	11.79	10.81
Total risk-based capital ratio (period end)	14.46	14.39	13.84	12.74
Tangible common equity / tangible asset ratio (5) (7)	7.16	7.27	7.28	7.52
Tangible equity / tangible asset ratio (6) (7)	8.98	9.13	8.74	8.60
Tangible common equity / risk-weighted assets ratio (7)	9.74	9.70	9.69	9.32

(1) Other intangible assets are net of deferred tax liability.

(2) 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.

(3) Noninterest expense less amortization of intangibles and goodwill impairment divided by the sum of FTE net interest income and noninterest income excluding securities gains (losses).
(4) Presented on a FTE basis assuming a 21% tax rate.
(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.
(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.
(7) 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.

Table 39 - Selected Quarterly Financial Information

	Three Months Ended			
(amounts in millions, except per share data)	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Interest income	$ 1,011	$ 1,052	$ 1,068	$ 1,070
Interest expense	231	253	256	248
Net interest income	780	799	812	822
Provision for credit losses	79	82	59	67
Net interest income after provision for credit losses	701	717	753	755
Total noninterest income	372	389	374	319
Total noninterest expense	701	667	700	653
Income before income taxes	372	439	427	421
Provision (benefit) for income taxes	55	67	63	63
Net income	317	372	364	358
Dividends on preferred shares	19	18	18	19
Net income applicable to common shares	$ 298	$ 354	$ 346	$ 339
Common shares outstanding				
Average—basic	1,029	1,035	1,045	1,047
Average—diluted	1,047	1,051	1,060	1,066
Ending	1,020	1,033	1,038	1,046
Book value per share	$ 10.38	$ 10.37	$ 10.08	$ 9.78
Tangible book value per share (1)	8.25	8.25	7.97	7.67
Per common share				
Net income—basic	$ 0.29	$ 0.34	$ 0.33	$ 0.32
Net income —diluted	0.28	0.34	0.33	0.32
Return on average total assets	1.15 %	1.37 %	1.36 %	1.35 %
Return on average common shareholders' equity	11.1	13.4	13.5	13.8
Return on average tangible common shareholders' equity (2)	14.3	17.3	17.7	18.3
Efficiency ratio (3)	58.4	54.7	57.6	55.8
Effective tax rate	14.8	15.4	14.6	15.0
Margin analysis-as a % of average earning assets (5)				
Interest income (4)	4.03 %	4.21 %	4.35 %	4.40 %
Interest expense	0.91	1.01	1.04	1.01
Net interest margin (4)	3.12 %	3.20 %	3.31 %	3.39 %
Revenue—FTE				
Net interest income	$ 780	$ 799	$ 812	$ 822
FTE adjustment	6	6	7	7
Net interest income (4)	786	805	819	829
Noninterest income	372	389	374	319
Total revenue (4)	$ 1,158	$ 1,194	$ 1,193	$ 1,148

Table 40 - Selected Quarterly Capital Data

Capital adequacy (Basel III)	2019			
(dollar amounts in millions)	December 31,	September 30,	June 30,	March 31,
Total risk-weighted assets	$ 87,512	$ 86,719	$ 86,332	$ 85,966
Tier 1 leverage ratio	9.26 %	9.34 %	9.24 %	9.16 %
Tier 1 risk-based capital ratio	9.88	10.02	9.88	9.84
Total risk-based capital ratio	11.26	11.41	11.28	11.25
Tier 1 common risk-based capital ratio	13.04	13.29	13.13	13.11
Tangible common equity / tangible asset ratio (5)(7)	7.88	8.00	7.80	7.57
Tangible equity / tangible asset ratio (6)(7)	9.01	9.13	8.93	8.71
Tangible common equity / risk-weighted assets ratio (7)	9.62	9.83	9.58	9.34

(1) Other intangible assets are net of deferred tax liability.
(2) 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.
(3) Noninterest expense less amortization of intangibles and goodwill impairment divided by the sum of FTE net interest income and noninterest income excluding securities gains (losses).
(4) Presented on a FTE basis assuming a 21% tax rate.
(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.
(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.
(7) 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.

ADDITIONAL DISCLOSURES

Forward-Looking Statements

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

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political, or industry conditions; the magnitude and duration of the COVID-19 pandemic and its impact on the global economy and financial market conditions and our business, results of operations, and financial condition; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; movements in interest rates; reform of LIBOR; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services including those implementing our "Fair Play" banking philosophy; the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, FDIC, and CFPB; the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the merger agreement between Huntington and TCF; the outcome of any legal proceedings that may be instituted against Huntington or TCF; delays in completing the transaction; the failure to obtain necessary regulatory approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction); the failure to obtain shareholder approvals or to satisfy any of the other conditions to the transaction on a timely basis or at all; the possibility that the anticipated benefits of the transaction are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where Huntington and TCF do business; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management's attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; the ability to complete the transaction and integration of Huntington and TCF successfully; the dilution caused by Huntington's issuance of additional shares of its capital stock in connection with the transaction; and other factors that may affect the future results of Huntington and TCF.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Neither Huntington nor TCF assumes any obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Non-GAAP Financial Measures

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

Fully-Taxable Equivalent Basis

Interest income, yields, and ratios on a FTE basis are considered non-GAAP financial measures. Management believes net interest income on a FTE basis provides an insightful picture of the interest margin for comparison purposes. The FTE basis also allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The FTE basis assumes a federal statutory tax rate of 21 percent. We encourage readers to consider the Consolidated Financial Statements and other financial information contained in this Form 10-K in their entirety, and not to rely on any single financial measure.

Non-Regulatory Capital Ratios

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

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

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare our capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes goodwill and other intangible assets, the nature and extent of which varies among different financial services companies. These ratios are not defined in GAAP or federal banking regulations. As a result, these non-regulatory capital ratios disclosed by the Company are considered non-GAAP financial measures.

Because there are no standardized definitions for these non-regulatory capital ratios, the Company's calculation methods may differ from those used by other financial services companies. Also, there may be limits in the usefulness of these measures to investors. As a result, we encourage readers to consider the Consolidated Financial Statements and other financial information contained in this Form 10-K in their entirety, and not to rely on any single financial measure.

Risk Factors

More information on risk is discussed in the Risk Factors section included in Item 1A: "Risk Factors" of this report. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report, as well as the "Regulatory Matters" section included in Item 1 : Business of this report.

Critical Accounting Policies and Use of Significant Estimates

Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to establish accounting policies and make estimates that affect amounts reported in our Consolidated Financial Statements. Note 1 - "Significant Accounting Policies" of the Notes to Consolidated Financial Statements, which is incorporated by reference into this MD&A, describes the significant accounting policies we used in our Consolidated Financial Statements.

An accounting estimate requires assumptions and judgments about uncertain matters that could have a material effect on the Consolidated Financial Statements. Estimates are made under facts and circumstances at a point in time, and changes in those facts and circumstances could produce results substantially different from those estimates. Our most significant accounting policies and estimates and their related application are discussed below.

Allowance for Credit Losses

Our ACL at December 31, 2020 represents our current estimate of the lifetime credit losses expected from our loan and lease portfolio and our unfunded loan commitments and letters of credit. Management estimates the allowance for credit losses by projecting probability of default, loss given default and exposure at default conditional on economic parameters, for the remaining contractual term. Internal factors that impact the quarterly allowance estimate include the level of outstanding balances, the portfolio performance and assigned risk ratings.

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

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

However, to illustrate a hypothetical sensitivity analysis, management calculated a quantitative allowance using a 100% weighting applied to an adverse scenario. This scenario includes assumptions around new infections and COVID-19 deaths being significantly above the baseline projections, leading to a much slower re-opening of the economy. Under this scenario, as an example, the unemployment rate remains elevated for a prolonged period and is estimated to remain at 10.2% and 8.7% at the end of 2021 and 2022, respectively. These numbers represent approximately 3% higher unemployment estimates than baseline scenario projections of 7.2% and 5.6%, respectively for the same time periods.

To demonstrate the sensitivity to key economic parameters, management calculated the difference between a 100% baseline weighting and a 100% adverse scenario weighting for modeled results. This would result in an incremental quantitative allowance impact of approximately $700 million.

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

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

We regularly review our ACL for appropriateness by performing on-going evaluations of the loan and lease portfolio. In doing so, we consider factors such as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. We also evaluate the impact of changes in key economic parameters and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. There is no certainty that our ACL will be appropriate over time to cover losses in our portfolio as economic and market conditions may ultimately differ from our reasonable and supportable forecast. Additionally, events adversely affecting specific customers, industries, or our markets, such as the current COVID-19 pandemic, could severely impact our current expectations. If the credit quality of our customer base materially deteriorates or the risk profile of a market, industry, or group of customers changes materially, our net income and capital could be materially adversely affected which, in turn, could have a material adverse effect on our financial condition and results of operations. The extent to which the current COVID-19 pandemic has and will continue to negatively impact our businesses, financial condition, liquidity and results will depend on future developments, which are highly uncertain and cannot be forecasted with precision at this time. *For more information, see Note 5 - "Loans / Leases" and Note 6 - "Allowance for Credit Losses" of the Notes to Consolidated Financial Statements.*

Fair Value Measurement

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

The fair value hierarchy requires use of observable inputs first and subsequently unobservable inputs when observable inputs are not available. Our fair value measurements involve various valuation techniques and models, which involve inputs that are observable (Level 1 or Level 2 in fair value hierarchy), when available. The level of judgment required to determine fair value is dependent on the methods or techniques used in the process. Assets and liabilities that are measured at fair value using quoted prices in active markets (Level 1) do not require significant judgment while the valuation of assets and liabilities when quoted market prices are not available (Levels 2 and 3) may require significant judgment to assess whether observable or unobservable inputs for those assets and liabilities provide reasonable determination of fair value. The fair values measured at each level of the fair value hierarchy, additional discussion regarding fair value measurements, and a brief description of how fair value is determined for categories that have unobservable inputs, can be found in Note 20 - "Fair Value of Assets and Liabilities" of the Notes to Consolidated Financial Statements.

Goodwill and Intangible Assets

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

The emergence of COVID-19 as a global pandemic during 2020 has resulted in significant deterioration of the economic environment which has impacted expected earnings. The heightened uncertainty in the economic environment has remained throughout 2020. As a result, management performed an assessment of the goodwill balance at December 31, 2020. A qualitative assessment was deemed to be sufficient and reasonable and the result of this assessment indicated it was probable that the fair value of each of our reporting units continues to exceed the respective carrying values and therefore management determined that a full goodwill test was not warranted. Goodwill assessments are highly sensitive to economic projections and the related assumptions and estimates used by management. In the event of a prolonged economic downturn or further deterioration in the economic outlook, continued assessments of our goodwill balance could be required in future periods. Any impairment charge would not affect Huntington's regulatory capital ratios, tangible common equity ratio or liquidity position. *For more information, see Note 8 - "Goodwill and Other Intangible Assets" of the Notes to Consolidated Financial Statements.*

Recent Accounting Pronouncements and Developments

Note 2 - "Accounting Standards Update" of the Notes to Consolidated Financial Statements discusses new accounting pronouncements adopted during 2020 and the expected impact of accounting pronouncements recently issued but not yet required to be adopted. To the extent the adoption of new accounting standards materially affect financial condition, results of operations, or liquidity, the impacts are discussed in the applicable section of this MD&A and the Notes to Consolidated Financial Statements.

Item 7A: Quantitative and Qualitative Disclosures About Market Risk

Information required by this item is set forth under the heading of "Market Risk" in Item 7: MD&A, which is incorporated by reference into this item.

Item 8: Financial Statements and Supplementary Data

Information required by this item is set forth in the Reports of Independent Registered Public Accounting Firm, Consolidated Financial Statements and Notes to Consolidated Financial Statements, and Selected Quarterly Income Statements, which is incorporated by reference into this item.

REPORT OF MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Management of Huntington Bancshares Incorporated (Huntington or the Company) is responsible for the financial information and representations contained in the Consolidated Financial Statements and other sections of this report. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States. In all material respects, they reflect the substance of transactions that should be included based on informed judgments, estimates, and currently available information. Management maintains a system of internal accounting controls, which includes the careful selection and training of qualified personnel, appropriate segregation of responsibilities, communication of written policies and procedures, and a broad program of internal audits. The costs of the controls are balanced against the expected benefits. During 2020, the audit committee of the board of directors met regularly with Management, Huntington's internal auditors, and the independent registered public accounting firm, PricewaterhouseCoopers LLP, to review the scope of their audits and to discuss the evaluation of internal accounting controls and financial reporting matters. The independent registered public accounting firm and the internal auditors have free access to, and meet confidentially with, the audit committee to discuss appropriate matters. Also, Huntington maintains a disclosure review committee. This committee's purpose is to design and maintain disclosure controls and procedures to ensure that material information relating to the financial and operating condition of Huntington is properly reported to its chief executive officer, chief financial officer, chief auditor, and the audit committee of the board of directors in connection with the preparation and filing of periodic reports and the certification of those reports by the chief executive officer and the chief financial officer.

REPORT OF MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Huntington's Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013).* Based on that assessment, Management concluded that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on those criteria. The Company's internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing on the next page.

Stephen D. Steinour – Chairman, President, and Chief Executive Officer

Zachary Wasserman – Senior Executive Vice President and Chief Financial Officer

February 26, 2021

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Huntington Bancshares Incorporated

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Huntington Bancshares Incorporated and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of income, of comprehensive income, of changes in shareholders’ equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for the allowance for credit losses as of January 1, 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management’s Assessment of Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Allowance for Credit Losses – General Reserve

As described in Notes 1 and 6 to the consolidated financial statements, management's estimate of the allowance for credit losses includes a general reserve component which consists of various risk-profile reserve components. The risk-profile components consider items unique to the Company's structure, policies, processes, and portfolio composition. The general reserve also considers qualitative measurements and assessments of the Company's loan portfolios including, but not limited to, economic uncertainty, concentrations, portfolio composition, industry comparisons, and internal review functions.

The principal considerations for our determination that performing procedures relating to the valuation of the general reserve component of the allowance for credit losses is a critical audit matter are (i) the valuation involved the application of significant judgment and estimation by management when determining the general reserve calculation, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures and evaluating audit evidence relating to the assumptions used in the general reserve, (ii) the significant audit effort in evaluating management's methodology, significant assumptions and calculations relating to the general reserve component, and (iii) the audit effort included the involvement of professionals with specialized skill and knowledge. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to valuation of the Company's general reserve component of allowance for credit losses. These procedures also included, among others, testing management's process for determining the general reserve component, including evaluating the appropriateness of management's methodology, testing the completeness and accuracy of data utilized by management and evaluating the reasonableness of significant assumptions relating to the general reserve component. Evaluating management's assumptions relating to the general reserve component involved evaluating whether the assumptions used were reasonable considering portfolio composition, relevant market data, and indicators of economic uncertainty. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of management's methodology, significant assumptions and calculations relating to the general reserve component.

PricewaterhouseCoopers LLP

Columbus, Ohio
February 26, 2021
We have served as the Company's auditor since 2015.

Huntington Bancshares Incorporated
Consolidated Balance Sheets

	December 31,	
(dollar amounts in millions)	2020	2019
Assets		
Cash and due from banks	$ 1,319	$ 1,045
Interest-bearing deposits at Federal Reserve Bank	5,276	125
Interest-bearing deposits in banks	117	102
Trading account securities	62	99
Available-for-sale securities	16,485	14,149
Held-to-maturity securities	8,861	9,070
Other securities	418	441
Loans held for sale (includes $1,198 and $781 respectively, measured at fair value)(1)	1,275	877
Loans and leases (includes $94 and $81 respectively, measured at fair value)(1)	81,608	75,404
Allowance for loan and lease losses	(1,814)	(783)
Net loans and leases	79,794	74,621
Bank owned life insurance	2,577	2,542
Premises and equipment	757	763
Goodwill	1,990	1,990
Servicing rights and other intangible assets	428	475
Other assets	3,679	2,703
Total assets	$ 123,038	$ 109,002
Liabilities and shareholders' equity		
Liabilities		
Deposits:		
Demand deposits—noninterest-bearing	$ 28,553	$ 20,247
Interest-bearing	70,395	62,100
Total Deposits	98,948	82,347
Short-term borrowings	183	2,606
Long-term debt	8,352	9,849
Other liabilities	2,562	2,405
Total liabilities	110,045	97,207
Commitments and Contingent Liabilities (Note 23)		
Shareholders' equity		
Preferred stock	2,191	1,203
Common stock	10	10
Capital surplus	8,781	8,806
Less treasury shares, at cost	(59)	(56)
Accumulated other comprehensive loss	192	(256)
Retained earnings	1,878	2,088
Total shareholders' equity	12,993	11,795
Total liabilities and shareholders' equity	$ 123,038	$ 109,002
Common shares authorized (par value of $0.01)	1,500,000,000	1,500,000,000
Common shares outstanding	1,017,196,776	1,020,003,482
Treasury shares outstanding	5,062,054	4,537,605
Preferred stock, authorized shares	6,617,808	6,617,808
Preferred shares outstanding	750,500	740,500

(1) Amounts represent loans for which Huntington has elected the fair value option. See Note 20.

See Notes to Consolidated Financial Statements

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Huntington Bancshares Incorporated
Consolidated Statements of Income

	Year Ended December 31,		
(dollar amounts in millions, except per share data, share amounts in thousands)	2020	2019	2018
Interest and fee income:			
Loans and leases	$ 3,085	$ 3,541	$ 3,305
Available-for-sale securities			
Taxable	237	295	279
Tax-exempt	61	83	97
Held-to-maturity securities-taxable	215	218	211
Other securities-taxable	6	16	25
Other interest income	43	48	32
Total interest income	3,647	4,201	3,949
Interest expense			
Deposits	197	585	391
Short-term borrowings	13	54	48
Long-term debt	213	349	321
Total interest expense	423	988	760
Net interest income	3,224	3,213	3,189
Provision for credit losses	1,048	287	235
Net interest income after provision for credit losses	2,176	2,926	2,954
Mortgage banking income	366	167	108
Service charges on deposit accounts	301	372	364
Card and payment processing income	248	246	224
Trust and investment management services	189	178	171
Capital markets fees	125	123	108
Insurance income	97	88	82
Bank owned life insurance income	64	66	67
Gain on sale of loans	42	55	55
Net (losses) gains on sales of securities	(1)	(24)	(21)
Other noninterest income	160	183	163
Total noninterest income	1,591	1,454	1,321
Personnel costs	1,692	1,654	1,559
Outside data processing and other services	384	346	294
Equipment	180	163	164
Net occupancy	158	159	184
Professional services	55	54	60
Amortization of intangibles	41	49	53
Marketing	38	37	53
Deposit and other insurance expense	32	34	63
Other noninterest expense	215	225	217
Total noninterest expense	2,795	2,721	2,647
Income before income taxes	972	1,659	1,628
Provision for income taxes	155	248	235
Net income	817	1,411	1,393
Dividends on preferred shares	100	74	70
Net income available to common shareholders	$ 717	$ 1,337	$ 1,323
Average common shares—basic	1,017,117	1,038,840	1,081,542
Average common shares—diluted	1,032,683	1,056,079	1,105,985
Per common share:			
Net income—basic	$ 0.71	$ 1.29	$ 1.22
Net income—diluted	0.69	1.27	1.20

See Notes to Consolidated Financial Statements

Huntington Bancshares Incorporated
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Net income	$ 817	$ 1,411	$ 1,393
Other comprehensive income, net of tax:			
Total unrealized gains (losses) on available-for-sale securities	216	335	(84)
Change in fair value related to cash flow hedges	234	23	—
Change in accumulated unrealized gains (losses) for pension and other post-retirement obligations	(2)	(5)	4
Other comprehensive income (loss), net of tax	448	353	(80)
Comprehensive income	$ 1,265	$ 1,764	$ 1,313

See Notes to Consolidated Financial Statements

Huntington Bancshares Incorporated
Consolidated Statements of Changes in Shareholders' Equity

(dollar amounts in millions, except per share data, share amounts in thousands)	Preferred Stock	Common Stock		Capital Surplus	Treasury Stock		Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	Total
	Amount	Shares	Amount		Shares	Amount			
Year Ended December 31, 2020									
Balance, beginning of year	$ 1,203	1,024,541	$ 10	$ 8,806	(4,537)	$ (56)	$ (256)	$ 2,088	$ 11,795
Cumulative-effect of change in accounting principle (ASU 2016-13), net of tax								(306)	(306)
Net income								817	817
Other comprehensive income (loss)							448		448
Net proceeds from issuance of Preferred Stock	988								988
Repurchases of common stock		(7,504)	—	(92)					(92)
Cash dividends declared:									
Common ($0.60 per share)								(621)	(621)
Preferred								(100)	(100)
Recognition of the fair value of share-based compensation				77					77
Other share-based compensation activity		5,372	—	(9)				—	(9)
Other		(151)	—	(1)	(525)	(3)		—	(4)
Balance, end of year	$ 2,191	1,022,258	$ 10	$ 8,781	(5,062)	$ (59)	$ 192	$ 1,878	$ 12,993
Year Ended December 31, 2019									
Balance, beginning of year	$ 1,203	1,050,584	$ 11	$ 9,181	(3,817)	$ (45)	$ (609)	$ 1,361	$ 11,102
Net income								1,411	1,411
Other comprehensive income (loss)							353		353
Repurchases of common stock		(31,494)	(1)	(440)					(441)
Cash dividends declared:									
Common ($0.58 per share)								(611)	(611)
Preferred								(74)	(74)
Recognition of the fair value of share-based compensation				83					83
Other share-based compensation activity		5,451	—	(18)					(18)
Other		—	—	—	(720)	(11)		1	(10)
Balance, end of year	$ 1,203	1,024,541	$ 10	$ 8,806	(4,537)	$ (56)	$ (256)	$ 2,088	$ 11,795
Year Ended December 31, 2018									
Balance, beginning of year	$ 1,071	1,075,295	$ 11	$ 9,707	(3,268)	$ (35)	$ (528)	$ 588	$ 10,814
Cumulative-effect of change in accounting principle (ASU 2016-01), net of tax							(1)	1	—
Net income								1,393	1,393
Other comprehensive income (loss)							(80)		(80)
Net proceeds from issuance of Preferred Series E Stock	495								495
Repurchases of common stock		(61,644)	—	(939)					(939)
Cash dividends declared:									
Common ($0.50 per share)								(541)	(541)
Preferred								(70)	(70)
Conversion of Preferred Series A Stock to Common Stock	(363)	30,330		363					—
Recognition of the fair value of share-based compensation				78					78
Other share-based compensation activity		6,603	—	(31)				(10)	(41)
Other		—	—	3	(549)	(10)		—	(7)
Balance, end of year	$ 1,203	1,050,584	$ 11	$ 9,181	(3,817)	$ (45)	$ (609)	$ 1,361	$ 11,102

See Notes to Consolidated Financial Statements

Huntington Bancshares Incorporated
Consolidated Statements of Cash Flows

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Operating activities			
Net income	$ 817	$ 1,411	$ 1,393
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for credit losses	1,048	287	235
Depreciation and amortization	367	386	493
Share-based compensation expense	77	83	78
Deferred income tax expense	(93)	23	63
Net change in:			
Trading account securities	37	(32)	(11)
Loans held for sale	(534)	(214)	(301)
Other assets	(1,077)	(593)	(235)
Other liabilities	683	194	22
Other, net	(2)	29	(11)
Net cash provided by (used in) operating activities	1,323	1,574	1,726
Investing activities			
Change in interest bearing deposits in banks	(81)	(112)	90
Cash paid for acquisition of a business, net of cash received	—	—	(15)
Proceeds from:			
Maturities and calls of available-for-sale securities	5,697	2,124	2,109
Maturities and calls of held-to-maturity securities	3,042	1,021	743
Sales of available-for-sale securities	392	3,903	1,419
Purchases of available-for-sale securities	(11,104)	(6,036)	(2,485)
Purchases of held-to-maturity securities	—	(1,519)	(338)
Net proceeds from sales of portfolio loans	1,113	1,049	697
Principal payments received from finance leases	704	714	—
Net loan and lease activity, excluding sales and purchases	(6,844)	(2,149)	(5,333)
Purchases of premises and equipment	(119)	(107)	(110)
Purchases of loans and leases	(1,506)	(445)	(542)
Net cash paid for branch disposition	—	(548)	—
Other, net	67	228	102
Net cash provided by (used in) investing activities	(8,639)	(1,877)	(3,663)
Financing activities			
Increase (decrease) in deposits	16,601	(1,702)	7,733
(Decrease) Increase in short-term borrowings	(2,373)	586	(3,025)
Net proceeds from issuance of long-term debt	1,386	1,796	2,229
Maturity/redemption of long-term debt	(3,052)	(743)	(2,798)
Dividends paid on preferred stock	(84)	(74)	(70)
Dividends paid on common stock	(614)	(597)	(514)
Repurchases of common stock	(92)	(441)	(939)
Net proceeds from issuance of preferred stock	988	—	495
Payments related to tax-withholding for share based compensation awards	(20)	(26)	(27)
Other, net	1	2	5
Net cash provided by (used for) financing activities	12,741	(1,199)	3,089
Increase (decrease) in cash and cash equivalents	5,425	(1,502)	1,152
Cash and cash equivalents at beginning of period	1,170	2,672	1,520
Cash and cash equivalents at end of period	$ 6,595	$ 1,170	$ 2,672

(dollar amounts in millions)	Year Ended December 31, 2020	2019	2018
Supplemental disclosures:			
Interest paid	$ 453	$ 989	$ 742
Income taxes paid (refunded)	81	111	(52)
Non-cash activities:			
Loans transferred to held-for-sale from portfolio	1,139	963	818
Loans transferred to portfolio from held-for-sale	53	19	51
Transfer of securities from held-to-maturity to available-for-sale	—	—	2,833
Transfer of securities from available-for-sale to held-to-maturity	2,842	—	2,707

Huntington Bancshares Incorporated
Notes to Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — Huntington Bancshares Incorporated (Huntington or the Company) is a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through its subsidiaries, including its bank subsidiary, The Huntington National Bank (the Bank), Huntington is engaged in providing full-service commercial, small business, consumer banking services, mortgage banking services, automobile financing, recreational vehicle and marine financing, equipment leasing, investment management, trust services, brokerage services, insurance programs, and other financial products and services. Huntington's banking offices are located in Ohio, Illinois, Michigan, Pennsylvania, Indiana, West Virginia, and 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.

Basis of Presentation — The Consolidated Financial Statements include the accounts of Huntington and its majority-owned subsidiaries and are presented in accordance with GAAP. All intercompany transactions and balances are eliminated in consolidation. Entities in which Huntington holds a controlling financial interest are consolidated. For a voting interest entity, a controlling financial interest is generally where Huntington holds, directly or indirectly, more than 50 percent of the outstanding voting shares. For a variable interest entity (VIE), a controlling financial interest is where Huntington has the power to direct the activities of an entity that most significantly impact the entity's economic performance and has an obligation to absorb losses or the right to receive benefits from the VIE. For consolidated entities where Huntington holds less than a 100% interest, Huntington recognizes non-controlling interest (included in shareholders' equity) for the equity held by minority shareholders and non-controlling profit or loss (included in noninterest expense) for the portion of the entity's earnings attributable to minority interests. Investments in companies that are not consolidated are accounted for using the equity method when Huntington has the ability to exert significant influence. Investments in non-marketable equity securities for which Huntington does not have the ability to exert significant influence are generally accounted for using the cost method adjusted for impairment and other changes in observable prices. Investments in private investment partnerships that are accounted for under the equity method or the cost method are included in other assets and Huntington's earnings in equity investments are included in other noninterest income. Investments accounted for under the cost and equity methods are periodically evaluated for impairment.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that significantly affect amounts reported in the Consolidated Financial Statements. Huntington utilizes processes that involve the use of significant estimates and the judgments of management in determining the amount of its allowance for credit losses, income taxes, as well as fair value measurements of investment securities, derivative instruments, goodwill, other intangible assets, pension assets and liabilities, short-term borrowings, mortgage servicing rights, and loans held for sale. As with any estimate, actual results could differ from those estimates.

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

Resale and Repurchase Agreements — Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. The fair value of collateral either received from or provided to a third-party is monitored and additional collateral is obtained or requested to be returned to Huntington in accordance with the agreement.

Securities — Securities purchased with the intention of recognizing short-term profits or which are actively bought and sold are classified as trading account securities and reported at fair value. The unrealized gains or losses on trading account securities are recorded in other noninterest income. Debt securities purchased that Huntington has the positive intent and ability to hold to their maturity are classified as held-to-maturity securities. Held-to-maturity securities are recorded at amortized cost. All other debt securities are classified as available for sale securities. Available-for-sale securities are recognized and measured at fair value with any change in the fair value recognized in other comprehensive income. All equity securities are classified as other securities.

Securities transactions are recognized on the trade date (the date the order to buy or sell is executed). The carrying value plus any related accumulated OCI balance of sold securities is used to compute realized gains and losses. Interest on securities, including amortization of premiums and accretion of discounts using the effective interest method over the period to maturity, is included in interest income.

Non-marketable equity securities include stock held for membership and regulatory purposes, such as FHLB stock and FRB stock. These securities are accounted for at cost, evaluated for impairment, and are included in other securities. Other securities also include mutual funds and other marketable equity securities. These securities are carried at fair value, with changes in fair value recognized in other noninterest income.

Loans and Leases — Loans for which Huntington has the intent and ability to hold for the foreseeable future, or until maturity or payoff, except loans for which the fair value option has been elected, are carried at the principal amount outstanding, net of charge-offs, unamortized deferred loan origination fees and costs, premiums and discounts, and unearned income. Direct financing leases are reported at the aggregate of lease payments receivable and estimated residual values, net of unearned and deferred income, and any initial direct costs incurred to originate these leases. Interest income is accrued as earned using the interest method. Huntington defers the fees it receives from the origination of loans and leases, as well as the direct costs of those activities. Huntington also acquires loans at premiums and/or discounts to their contractual values. Huntington amortizes loan discounts, premiums, and net loan origination fees and costs over the contractual lives of the related loans using the effective interest method.

Troubled debt restructurings are loans for which the original contractual terms have been modified to provide a concession to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDRs. Modifications resulting in troubled debt restructurings may include changes to one or more terms of the loan, including but not limited to, a change in interest rate, an extension of the repayment period, a reduction in payment amount, and partial forgiveness or deferment of principal or accrued interest.

Impairment of the residual values of direct financing leases is evaluated quarterly, with impairment arising if the expected fair value is less than the carrying amount. Huntington assesses net investments in leases (including residual values) for impairment and recognizes impairment losses in accordance with the impairment guidance for financial instruments. As such, net investments in leases may be reduced by an allowance for credit losses, with changes recognized as provision expense.

For leased equipment, the residual component of a direct financing lease represents the estimated fair value of the leased equipment at the end of the lease term. Huntington uses industry data, historical experience, and independent appraisals to establish these residual value estimates. Additional information regarding product life cycle, product upgrades, as well as insight into competing products are obtained through relationships with industry contacts and are factored into residual value estimates where applicable.

Loans Held for Sale — Loans in which Huntington does not have the intent and ability to hold for the foreseeable future are classified as loans held for sale. Loans held for sale are carried at (a) the lower of cost or fair value less costs to sell, or (b) fair value where the fair value option is elected. The fair value option is generally elected for mortgage loans originated with the intent to sell to facilitate hedging of the loans. The fair value of such loans is estimated based on the inputs that include prices of mortgage backed securities adjusted for other variables such as, interest rates, expected credit defaults and market discount rates. The adjusted value reflects the price we expect to receive from the sale of such loans.

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

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

All classes within the C&I and CRE portfolios are placed on nonaccrual status at 90-days past due. First-lien home equity loans are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile, RV and marine and other consumer loans are placed on non-accrual, if not charged off, when the loan is 120-days past due. Residential mortgage loans are placed on nonaccrual status at 150-days past due, with the exception of residential mortgages guaranteed by government agencies which continue to accrue interest at the rate guaranteed by the government agency.

For all classes within all loan portfolios, when a loan is placed on nonaccrual status, any accrued interest income, to the extent it is recognized in the current year, is reversed and charged to interest income.

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

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

Collateral-dependent Loans — Certain commercial and consumer loans for which repayment is expected to be provided substantially through the operation or sale of the loan collateral are considered to be collateral-dependent. Commercial collateral-dependent loans are generally secured by business assets and/or commercial real estate. Consumer collateral-dependent loans are primarily secured by residential real estate or automobiles.

Allowance for Credit Losses — Huntington maintains allowance for credit losses on its loan and lease portfolio, held-to-maturity securities as well as on available-for-sale securities. The allowance for credit losses on loan and lease portfolio and held-to-maturity securities are provided through an expected loss methodology referred to as current expected credit loss ("CECL") methodology. The allowance for credit losses on AFS securities is provided when a credit loss is deemed to have occurred for securities which Huntington does not intend to sell or is not required to sell. The CECL methodology also applies to credit exposures on off-balance-sheet loan commitments, financial guarantees not accounted for as insurance, including standby letters of credit, and other similar instruments not recognized as derivative financial instruments.

Loans - The allowance for credit losses is deducted from the amortized cost basis of a financial asset or a group of financial assets so that the balance sheet reflects the net amount Huntington expects to collect. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts, fair value hedge accounting adjustments, and deferred fees and costs. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by projecting probability-of-default, loss-given-default and exposure-at-default depending on loan risk characteristics and economic parameters for each month of the remaining contractual term. Commercial loan risk characteristics include but are not limited to risk ratings, industry type and maturity type. Consumer loan risk characteristics include but are not limited to FICO scores, LTV and loan vintages. The economic parameters are developed using available information relating to past events, current conditions, and reasonable and supportable forecasts. Huntington's reasonable and supportable forecast period reverts to a historical norm based on inputs within approximately two to three years. The reversion period is dependent on the state of the economy at the beginning of the forecast. Historical credit experience provides the basis for the estimation of expected credit losses, with adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in the micro- and macro-economic environments. The contractual terms of financial assets are adjusted for expected prepayments and any extensions outside of Huntington's control.

The allowance for credit losses is measured on a collective basis when similar risk characteristics exist. Loans that are determined to have unique risk characteristics are evaluated on an individual basis by management. If a loan is determined to be collateral dependent, or meets the criteria to apply the collateral dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate. Loans with unique risk characteristics that are not subject to collateral dependent accounting, are assessed using a discounted cash flows methodology.

Management believes the products within each of the entity's portfolio classes exhibit similar risk characteristics. Huntington has identified its portfolio classes as disclosed in Note 5 - "Loans and Leases".

In addition to the transactional reserve described above, Huntington also maintains a general reserve that consists of various risk-profile reserve components. The risk-profile components consider items unique to Huntington's structure, policies, processes and portfolio composition, as well as qualitative measurements and assessments of the loan portfolios including, but not limited to, economic uncertainty, concentrations, portfolio composition, industry comparisons and internal review functions.

Huntington has elected to exclude accrued interest receivable from the measurement of its ACL given the well-defined non-accrual policies in place for all loan portfolios which results in timely reversal of outstanding interest through interest income. For certain loans on active deferral related to COVID-19, the collection of interest may be delayed for an extended period of time. The accrued interest on these active deferral loans is contemplated in establishing the ACL.

The estimate for the off-balance sheet exposures, the AULC, is determined using the same procedures and methodologies as used for the loan and lease portfolio supplemented by the information related to future draws and related credit loss expectations. The AULC is recorded in other liabilities in the Consolidated Balance Sheets.

Prior to the implementation of ASU 2016-13 (CECL) on January 1, 2020, the allowance for credit losses was subject to the guidance included in ASC 310 and ASC 450. Under the guidance, the bank was required to use an incurred loss methodology to estimate credit losses that were estimated to be incurred in the loan portfolio and that could ultimately materialize into confirmed losses in the form of charge-offs. The incurred loss methodology was a backward-looking approach to loss recognition and based on the concept of a triggering event having taken place, causing a loss to be inherent within the portfolio. This methodology under ASC 450 was predicated on a loss emergence period that was applied at a portfolio level. Loss emergence periods, PD's and LGD's were all based on historical loss experience within the loan portfolios. Consideration of forward looking macro-economic expectations was not permitted under this allowance methodology. Additionally, loans that were identified as impaired under the definition of ASC 310, were required to be assessed on an individual basis. The allowance for credit losses and resulting provision expense levels for comparative periods presented in this document were estimated in accordance with these requirements.

HTM Securities - The allowance for held-to-maturity debt securities is estimated using a CECL methodology. Any expected credit loss is provided through the allowance for credit loss on HTM securities and is deducted from the amortized cost basis of the security so that the balance sheet reflects the net amount Huntington expects to collect. Nearly all of Huntington's HTM debt securities are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Accordingly, there is a zero credit loss expectation on these securities.

Prior to the implementation of ASU 2016-13 (CECL) on January 1, 2020, Huntington evaluated its HTM securities portfolio on a quarterly basis for indicators of OTTI. Huntington assessed whether OTTI had occurred when the fair value of a debt security was less than the amortized cost at the balance sheet date. If an OTTI was deemed to have occurred, the credit portion of the OTTI was recognized in noninterest income while the noncredit portion was recognized in OCI. In determining the credit portion, Huntington used a discounted cash flow analysis which included evaluating the timing and amount of the expected cash flows.

*AFS Securitie*s - Huntington evaluates its available-for-sale investment securities portfolio on a quarterly basis for indicators of impairment. Huntington assesses whether an impairment has occurred when the fair value of a debt security is less than the amortized cost at the balance sheet date. Management reviews the amount of unrealized loss, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. For those debt securities that Huntington intends to sell or is more likely than not required to sell, before the recovery of their amortized cost basis, the difference between fair value and amortized cost is considered to be impaired and is recognized in noninterest income. For those debt securities that Huntington does not intend to sell or is not more likely than not required to sell, prior to expected recovery of amortized cost basis, the credit portion of the impairment is recognized through an allowance in noninterest income while the noncredit portion is recognized in OCI. In determining the credit portion, Huntington uses a discounted cash flow analysis, which includes evaluating the timing and amount of the expected cash flows. Non-credit-related impairment results from other factors, including increased liquidity spreads and higher interest rates.

Prior to the implementation of ASU 2016-13 (CECL) on January 1, 2020, Huntington evaluated its AFS securities portfolio in accordance with the methodology specified in the preceding paragraph except that the credit portion of the impairment would reduce the amortized cost basis of the security. Any subsequent increase in the expected cash flows would be recognized as an adjustment to interest income.

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

C&I and CRE loans are generally either charged-off or written down to net realizable value at 90-days past due. Automobile, RV and marine 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 at 150-days past due.

Collateral — Huntington pledges assets as collateral as required for various transactions including security repurchase agreements, public deposits, loan notes, derivative financial instruments, short-term borrowings and long-term borrowings. Assets that have been pledged as collateral, including those that can be sold or repledged by the secured party, continue to be reported on the Consolidated Balance Sheets.

Huntington also accepts collateral, primarily as part of various transactions including derivative instruments and security resale agreements. Collateral received is excluded from the Consolidated Balance Sheets.

The market value of collateral accepted or pledged is regularly monitored and additional collateral is obtained or provided as necessary to ensure appropriate collateral coverage in these transactions.

Premises and Equipment — Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed principally by the straight-line method over the estimated useful lives of the related assets. Buildings and building improvements are depreciated over an average of 30 to 40 years and 10 to 30 years, respectively. Land improvements and furniture and fixtures are depreciated over an average of 5 to 20 years, while equipment is depreciated over a range of 3 to 10 years. Leasehold improvements are amortized over the lesser of the asset’s useful life or the lease term, including any renewal periods for which renewal is reasonably assured. Maintenance and repairs are charged to expense as incurred, while improvements that extend the useful life of an asset are capitalized and depreciated over the remaining useful life. Amounts in premises and equipment may include items classified as held-for-sale, which are carried at lower of cost or fair value, less costs to sell. Premises and equipment are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Mortgage Servicing Rights — Huntington recognizes the rights to service mortgage loans as an asset when servicing is contractually separated from the underlying mortgage loans by sale or securitization of the loans with servicing rights retained or when purchased. MSRs are included in servicing rights and other intangible assets in the Consolidated Balance Sheets. At the time of initial capitalization, MSRs may be grouped into servicing classes based on the availability of market inputs used in determining fair value and the method used for managing the risks of the servicing assets. All MSR assets are recorded using the fair value method. Any change in the fair value of MSRs during the period is recorded in mortgage banking income. Huntington economically hedges the value of certain MSRs using derivative instruments and trading securities. Changes in fair value of these derivatives and trading securities are reported as a component of mortgage banking income.

Goodwill and Other Intangible Assets — Under the acquisition method of accounting, the net assets of entities acquired by Huntington are recorded at their estimated fair value at the date of acquisition. The excess cost of consideration paid over the fair value of net assets acquired is recorded as goodwill. Other intangible assets with finite useful lives are amortized either on an accelerated or straight-line basis over their estimated useful lives. Goodwill is evaluated for impairment on an annual basis at October 1st of each year or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Operating Leases (Lessee) — Huntington has elected not to include non-lease components in the measurement of right-of-use assets, and as such allocates the costs attributable to such components, where those costs are not separately identifiable, via per-square-foot costing analysis developed by the entity for owned and leased spaces. Huntington uses a portfolio approach to develop discount rates as its lease portfolio is comprised of substantially all branch space and office space used in the entity's operations. That rate, an input used in the measurement of the entity's right-of-use assets, leverages an incremental borrowing rate of appropriate tenor and collateralization.

Derivative Financial Instruments — A variety of derivative financial instruments, principally interest rate swaps, caps, floors, and collars, are used in asset and liability management activities to protect against the risk of adverse price or interest rate movements. These instruments provide flexibility in adjusting Huntington's sensitivity to changes in interest rates without exposure to loss of principal and higher funding requirements.

Huntington also uses derivatives, principally loan sale commitments, in hedging its mortgage loan interest rate lock commitments and its mortgage loans held for sale. Mortgage loan sale commitments and the related interest rate lock commitments are carried at fair value on the Consolidated Balance Sheets with changes in fair value reflected in mortgage banking income. Huntington also uses certain derivative financial instruments to offset changes in value of its MSRs. These derivatives consist primarily of forward interest rate agreements and forward mortgage contracts. The derivative instruments used are not designated as qualifying hedges. Accordingly, such derivatives are recorded at fair value with changes in fair value reflected in mortgage banking income.

Derivative financial instruments are recorded in the Consolidated Balance Sheets as either an asset or a liability (in other assets and other liabilities, respectively) and measured at fair value. On the date a derivative contract is entered into, we designate it as either:

- a qualifying hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge);
- a qualifying hedge of the variability of cash flows to be received or paid related to a recognized asset, liability or forecasted transaction (cash flow hedge); or
- a trading instrument or a non-qualifying (economic) hedge.

Changes in the fair value of a derivative that has been designated and qualifies as a fair value hedge, along with the changes in the fair value of the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings. Changes in the fair value of a derivative that has been designated and qualifies as a cash flow hedge are recorded in other comprehensive income, net of income taxes, and reclassified into earnings in the period during which the hedged item affects earnings. Changes in the fair value of derivatives held for trading purposes or which do not qualify for hedge accounting are reported in current period earnings.

For those derivatives to which hedge accounting is applied, Huntington formally documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and, unless the hedge meets all of the criteria to assume there is no ineffectiveness, the method that will be used to assess the effectiveness of the hedging instrument. Except for specifically designated fair value hedges of certain fixed-rate debt for which Huntington utilizes the short-cut method when certain criteria are met, Huntington utilizes the regression method to evaluate hedge effectiveness on all its qualifying hedges on a quarterly basis.

Hedge accounting is discontinued prospectively when:

- the derivative is no longer effective or expected to be effective in offsetting changes in the fair value or cash flows of a hedged item (including firm commitments or forecasted transactions);
- the derivative expires, is sold, terminated, or exercised;
- the forecasted transaction is no longer probable of occurring;
- the hedged firm commitment no longer meets the definition of a firm commitment; or
- the designation of the derivative as a hedging instrument is removed.

When hedge accounting is discontinued and the derivative no longer qualifies as an effective fair value or cash flow hedge, the derivative continues to be carried on the balance sheet at fair value.

In the case of a discontinued fair value hedge of a recognized asset or liability, as long as the hedged item continues to exist on the balance sheet, the hedged item will no longer be adjusted for changes in fair value. The basis adjustment that had previously been recorded to the hedged item during the period from the hedge designation date to the hedge discontinuation date is recognized as an adjustment to the yield of the hedged item over the remaining life of the hedged item.

In the case of a discontinued cash flow hedge of a recognized asset or liability, as long as the hedged item continues to exist on the balance sheet, the changes in fair value of the hedging derivative will no longer be recorded to other comprehensive income. The balance applicable to the discontinued hedging relationship will be recognized in earnings over the remaining life of the hedged item as an adjustment to yield. If the discontinued hedged item was a forecasted transaction that is not expected to occur, any amounts recorded in accumulated other comprehensive income are immediately reclassified to current period earnings.

In the case of either a fair value hedge or a cash flow hedge, if the previously hedged item is sold or extinguished, the basis adjustment to the underlying asset or liability or any remaining unamortized amount in accumulated other comprehensive income will be recognized in the current period earnings.

In all other situations in which hedge accounting is discontinued, the derivative will be carried at fair value on the consolidated balance sheets, with changes in its fair value recognized in current period earnings unless re-designated as a qualifying hedge.

Like other financial instruments, derivatives contain an element of credit risk, which is the possibility that Huntington will incur a loss because the counterparty fails to meet its contractual obligations. Notional values of interest rate swaps and other off-balance sheet financial instruments significantly exceed the credit risk associated with these instruments and represent contractual balances on which calculations of amounts to be exchanged are based. Credit exposure is limited to the sum of the aggregate fair value of positions that have become favorable to Huntington, including any accrued interest receivable due from counterparties. Potential credit losses are mitigated through trading derivatives through central clearing parties, careful evaluation of counterparty credit standing, selection of counterparties from a limited group of high quality institutions, collateral agreements, and other contract provisions. Huntington considers the value of collateral held and collateral provided in determining the net carrying value of derivatives.

Huntington offsets the fair value amounts recognized for derivative instruments and the fair value for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments recognized at fair value executed with the same counterparty under a master netting arrangement.

Fair Value Measurements — The Company records or discloses certain of its assets and liabilities at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are classified within one of three levels in a valuation hierarchy based upon the observability of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1* – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3* – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Bank Owned Life Insurance — Huntington's bank owned life insurance policies are recorded at their cash surrender value. Huntington recognizes tax-exempt income from the periodic increases in the cash surrender value of these policies and from death benefits. A portion of the cash surrender value is supported by holdings in separate accounts. Book value protection for the separate accounts is provided by the insurance carriers and a highly rated major bank.

Transfers of Financial Assets and Securitizations — Transfers of financial assets in which we have surrendered control over the transferred assets are accounted for as sales. In assessing whether control has been surrendered, Huntington considers whether the transferee would be a consolidated affiliate, the existence and extent of any continuing involvement in the transferred financial assets, and the impact of all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of transfer. Control is generally considered to have been surrendered when (i) the transferred assets have been legally isolated from Huntington or any of its consolidated affiliates, even in bankruptcy or other receivership, (ii) the transferee (or, if the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing that is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interests) has the right to pledge or exchange the assets (or beneficial interests) it received without any constraints that provide more than a trivial benefit to Huntington, and (iii) neither Huntington nor its consolidated affiliates and agents have (a) both the right and obligation under any agreement to repurchase or redeem the transferred assets before their maturity, (b) the unilateral ability to cause the holder to return specific financial assets that also provides Huntington with a more-than-trivial benefit (other than through a cleanup call) or (c) an agreement that permits the transferee to require Huntington to repurchase the transferred assets at a price so favorable that it is probable that it will require Huntington to repurchase them.

If the sale criteria are met, the transferred financial assets are removed from the balance sheet and a gain or loss on sale is recognized. If the sale criteria are not met, the transfer is recorded as a secured borrowing in which the assets remain on the balance sheet and the proceeds from the transaction are recognized as a liability. For the majority of financial asset transfers, it is clear whether or not Huntington has surrendered control. For other transfers, such as in the case of complex transactions or where Huntington have continuing involvement, we generally obtain a legal opinion as to whether the transfer results in a true sale by law.

Gains and losses on the loans and leases sold and servicing rights associated with loan and lease sales are determined when the related loans or leases are sold to either a securitization trust or third-party. For loan or lease sales with servicing retained, a servicing asset is recorded at fair value for the right to service the loans sold.

Pension and Other Postretirement Benefits — Huntington recognizes the funded status of the postretirement benefit plans on the Consolidated Balance Sheets. Net postretirement benefit cost charged to current earnings related to these plans is predominantly based on various actuarial assumptions regarding expected future experience.

Certain employees are participants in various defined contribution and other non-qualified supplemental retirement plans. Contributions to defined contribution plans are charged to current earnings.

In addition, Huntington maintains a 401(k) plan covering substantially all employees. Employer contributions to the plan are charged to current earnings.

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

Revenue is segregated based on the nature of product and services offered as part of contractual arrangements. Revenue from contracts with customers is broadly segregated as follows:

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

  Certain volume or transaction based interchange expenses (net of rebates) paid to the payment network reduce the interchange revenue and are presented net on the income statement. Similarly, rewards payable under a reward program to cardholders are recognized as a reduction of the transaction price and are presented net against the interchange revenue.
- *Trust and investment management services* includes fee income generated from personal, corporate and institutional customers. Huntington also provides investment management services, cash management services and tax reporting to customers. Services are rendered over a period of time, over which revenue is recognized. Huntington may also recognize revenue from referring a customer to outside third-parties including mutual fund companies that pay distribution (12b-1) fees and other expenses. 12b-1 fees are received upon initially placing an account holder's funds with a mutual fund company as well as in the future periods as long as the account holder (i.e., the fund investor), remains invested in the fund. The transaction price includes a variable consideration which is considered constrained as it is not probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur. Accordingly, those fees are recognized as revenue when the uncertainty associated with the variable consideration is subsequently resolved, that is, initial fees are recognized in the initial period while the future fees are recognized in future periods.
- *Insurance income* includes agency commissions that are recognized when Huntington sells insurance policies to customers. Huntington is also entitled to renewal commissions and, in some cases, profit sharing which are recognized in subsequent periods. The initial commission is recognized when the insurance policy is sold to a customer. Renewal commission is variable consideration and is recognized in subsequent periods when the uncertainty around variable consideration is subsequently resolved (i.e., when customer renews the policy). Profit sharing is also variable consideration that is not recognized until the variability surrounding realization of revenue is resolved (i.e., Huntington has reached a minimum volume of sales). Another source of variability is the ability of the policy holder to cancel the policy anytime. In such cases, Huntington may be

required, under the terms of the contract, to return part of the commission received. A policy cancellation reserve is established for such expected cancellations.

- *Other noninterest income* includes a variety of other revenue streams including capital markets revenue, miscellaneous consumer fees and marketing allowance revenue. Revenue is recognized when, or as, the performance obligation is satisfied. Inherent variability in the transaction price is not recognized until the uncertainty affecting the variability is resolved.

Control is transferred to a customer either at a point in time or over time. A performance obligation is deemed satisfied when the control over goods or services is transferred to the customer. To determine when control is transferred at a point in time, Huntington considers indicators, including but not limited to the right to payment for the asset, transfer of significant risk and rewards of ownership of the asset and acceptance of the asset by the customer.

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

Income Taxes — Income taxes are accounted for under the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future book and tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are determined using enacted tax rates expected to apply in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income at the time of enactment of such change in tax rates.

Any interest or penalties due for payment of income taxes are included in the provision for income taxes. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is recorded. All positive and negative evidence is reviewed when determining how much of a valuation allowance is recognized on a quarterly basis. In determining the requirements for a valuation allowance, sources of possible taxable income are evaluated including future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences and carryforwards, taxable income in appropriate carryback years, and tax-planning strategies. Huntington applies a more likely than not recognition threshold for all tax uncertainties.

Share-Based Compensation — Huntington uses the fair value based method of accounting for awards of HBAN stock granted to employees under various share-based compensation plans. Share-based compensation costs are recognized prospectively for all new awards granted under these plans. Compensation expense relating to stock options is calculated using a methodology that is based on the underlying assumptions of the Black-Scholes option pricing model and is charged to expense over the requisite service period (e.g., vesting period). Compensation expense relating to restricted stock awards is based upon the fair value of the awards on the date of grant and is charged to earnings over the requisite service period (e.g., vesting period) of the award.

Stock Repurchases — Acquisitions of Huntington stock are recorded at cost.

Segment Results — Accounting policies for the business segments are the same as those used in the preparation of the Consolidated Financial Statements with respect to activities specifically attributable to each business segment. However, the preparation of business segment results requires management to establish methodologies to allocate funding costs and benefits, expenses, and other financial elements to each business segment, which are described in Note 26 - "Segment Reporting".

2. ACCOUNTING STANDARDS UPDATE

Accounting standards adopted in current period

<table>
<tr><th>Standard</th><th>Summary of guidance</th><th>Effects on financial statements</th></tr>
<tr><td>ASU 2016-13 - Financial Instruments - Credit Losses.
Issued June 2016</td><td>• Eliminates the probable recognition threshold for credit losses on financial assets measured at amortized cost, replacing the current incurred loss framework with an expected credit loss model.
• Requires those financial assets subject to the new guidance to be presented at the net amount expected to be collected (i.e., net of expected credit losses).
• Measurement of expected credit losses should be based on relevant information including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.
• The guidance will require additional quantitative and qualitative disclosures related to the credit risk inherent in Huntington’s portfolio and how management monitors the portfolio’s credit quality.</td><td>• Management adopted the guidance on January 1, 2020 through a cumulative-effect adjustment to retained earnings and implemented changes to relevant systems, processes, and controls where necessary.
• The adoption of ASU 2016-13 on January 1, 2020 resulted in an increase to our total ACL of $393 million. This represented an increase of 44% from the 2019 year end ACL level of $887 million. For more detail on the day 1 adoption impacts, please refer to Note 6 - Allowance for Credit Losses.
• The ASU eliminated the current accounting model for purchased-credit-impaired loans, but requires an allowance to be recognized for purchased-credit-deteriorated (PCD) assets (those that have experienced more-than-insignificant deterioration in credit quality since origination). Huntington did not have any loans accounted for as PCD upon adoption.
• At adoption, Huntington did not record an allowance with respect to HTM securities as the portfolio consists almost entirely of agency-backed securities that inherently have minimal nonpayment risk.</td></tr>
<tr><td>ASU 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes
Issued: December 2019</td><td>• The ASU simplifies the accounting for income taxes by removing exceptions to the:
◦ Incremental approach for intra-period tax allocation when there is a loss from continuing operations and income or a gain from other items;
◦ Requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment;
◦ Ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and,
◦ General methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year.
• The ASU also simplifies various other aspects of the accounting for income taxes.</td><td>• Management early adopted the guidance on October 1, 2020.
• The ASU did not have a material impact on Huntington’s Consolidated Financial Statements.</td></tr>
</table>

Standard	Summary of guidance	Effects on financial statements
ASU 2020-04 - Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting Issued: March 2020; Amended: January 2021	• The ASU provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met, including the following: ◦ Modifications of contracts within the scope of Topics 310, Receivables, and 470, Debt, should be accounted for by prospectively adjusting the effective interest rate; ◦ Modifications of contracts within the scope of Topic 842, Leases, should be accounted for as a continuation of the existing contracts with no reassessments of the lease classification or discount rate; ◦ The ASU also provides optional expedients for various hedging relationships, allowing hedge accounting to continue uninterrupted, provided certain criteria are met; and, ◦ An entity may make a one time election to sell, transfer, or both sell and transfer debt securities classified as held to maturity if certain criteria are met. • Topic 848 was subsequently amended in January 2021, allowing entities to elect certain optional expedients and exceptions in Topic 848 relating to derivative contracts and hedge accounting affected by the discounting transition initiated by certain central clearing parties.	• Management early adopted the guidance on October 1, 2020. • While neither the ASU or the amendment had a material impact on Huntington's Consolidated Financial Statements, they do ease the administrative burden of accounting for contracts impacted by reference rate reform.

3. PENDING ACQUISITION OF TCF FINANCIAL CORPORATION

On December 13, 2020, Huntington announced the signing of a definitive merger agreement (the "TCF/ Huntington Merger Agreement"). Under the terms of the agreement, which was unanimously approved by the boards of directors of both companies, TCF Financial Corporation, the parent company of TCF National Bank will merge into Huntington in an all-stock transaction valued at approximately $6.0 billion based on the closing stock price on the day preceding the announcement. TCF is a financial holding company headquartered in Detroit, Michigan with reported total assets of $47.8 billion based on their balance sheet at December 31, 2020. Following the merger, Huntington will operate with dual headquarters for banking operations in Detroit, Michigan and Columbus, Ohio.

Under the terms of the Merger Agreement, TCF shareholders will receive 3.0028 shares of Huntington common stock for each share of TCF common stock. Holders of TCF common stock will receive cash in lieu of fractional shares. Each outstanding share of 5.70% Series C Non-Cumulative Perpetual Preferred Stock of TCF will be converted into the right to receive one share of a newly created series of preferred stock of Huntington. Subject to receipt of regulatory approvals and satisfaction of other customary closing conditions, including approval of both TCF and Huntington shareholders, the transaction is anticipated to close in the second quarter of 2021.

4. INVESTMENT SECURITIES AND OTHER SECURITIES

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

The following tables provide amortized cost, fair value, and gross unrealized gains and losses by investment category at December 31, 2020 and 2019:

		Unrealized		
(dollar amounts in millions)	Amortized Cost (1)	Gross Gains	Gross Losses	Fair Value
December 31, 2020				
Available-for-sale securities:				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	3,550	121	(5)	3,666
Residential MBS	7,843	97	(5)	7,935
Commercial MBS	1,151	21	(9)	1,163
Other agencies	60	2	—	62
Total U.S. Treasury, federal agency and other agency securities	12,609	241	(19)	12,831
Municipal securities	2,928	91	(15)	3,004
Private-label CMO	9	—	—	9
Asset-backed securities	185	7	—	192
Corporate debt	440	5	—	445
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 16,175	$ 344	$ (34)	$ 16,485
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 1,779	$ 88	$ —	$ 1,867
Residential MBS	3,715	103	—	3,818
Commercial MBS	3,118	191	—	3,309
Other agencies	246	12	—	258
Total federal agency and other agency securities	8,858	394	—	9,252
Municipal securities	3	—	—	3
Total held-to-maturity securities	$ 8,861	$ 394	$ —	$ 9,255
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 60	$ —	$ —	$ 60
Federal Reserve Bank stock	299	—	—	299
Other securities, at fair value				
Mutual funds	50	—	—	50
Equity securities	8	1	—	9
Total other securities	$ 417	$ 1	$ —	$ 418

(1) Amortized cost amounts excludes accrued interest receivable, which is recorded within other assets on the Consolidated Balance Sheets. At December 31, 2020, accrued interest receivable on available-for-sale securities and held-to-maturity securities totaled $32 million and $20 million, respectively.

(dollar amounts in millions)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
December 31, 2019				
Available-for-sale securities:				
U.S. Treasury	$ 10	$ —	$ —	$ 10
Federal agencies:				
Residential CMO	5,055	48	(18)	5,085
Residential MBS	4,180	45	(3)	4,222
Commercial MBS	979	1	(4)	976
Other agencies	165	1	(1)	165
Total U.S. Treasury, federal agency and other agency securities	10,389	95	(26)	10,458
Municipal securities	3,044	34	(23)	3,055
Private-label CMO	2	—	—	2
Asset-backed securities	575	6	(2)	579
Corporate debt	49	2	—	51
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 14,063	$ 137	$ (51)	$ 14,149
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 2,351	$ 33	$ (3)	$ 2,381
Residential MBS	2,463	50	—	2,513
Commercial MBS	3,959	34	—	3,993
Other agencies	293	2	—	295
Total federal agency and other agency securities	9,066	119	(3)	9,182
Municipal securities	4	—	—	4
Total held-to-maturity securities	$ 9,070	$ 119	$ (3)	$ 9,186
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 90	$ —	$ —	$ 90
Federal Reserve Bank stock	297	—	—	297
Other securities, at fair value				
Mutual funds	53	—	—	53
Equity securities	1	—	—	1
Total other securities	$ 441	$ —	$ —	$ 441

The following table provides the amortized cost and fair value of securities by contractual maturity at December 31, 2020 and 2019. Expected maturities may differ from contractual maturities as issuers may have the right to call or prepay obligations with or without incurring penalties.

	2020		2019	
(dollar amounts in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities:				
Under 1 year	$ 308	$ 304	$ 231	$ 229
After 1 year through 5 years	1,145	1,154	1,196	1,189
After 5 years through 10 years	1,607	1,654	1,594	1,606
After 10 years	13,115	13,373	11,042	11,125
Total available-for-sale securities	$ 16,175	$ 16,485	$ 14,063	$ 14,149
Held-to-maturity securities:				
Under 1 year	$ —	$ —	$ —	$ —
After 1 year through 5 years	160	169	17	17
After 5 years through 10 years	131	138	300	305
After 10 years	8,570	8,948	8,753	8,864
Total held-to-maturity securities	$ 8,861	$ 9,255	$ 9,070	$ 9,186

The following tables provide detail on investment securities with unrealized losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position at December 31, 2020 and 2019:

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2020						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	$ 302	$ (5)	$ —	$ —	$ 302	$ (5)
Residential MBS	1,633	(5)	—	—	1,633	(5)
Commercial MBS	321	(9)	—	—	321	(9)
Other agencies	—	—	—	—	—	—
Total federal agency and other agency securities	2,256	(19)	—	—	2,256	(19)
Municipal securities	110	(3)	490	(12)	600	(15)
Asset-backed securities	15	—	—	—	15	—
Corporate debt	51	—	—	—	51	—
Total temporarily impaired available-for-sale securities	$ 2,432	$ (22)	$ 490	$ (12)	$ 2,922	$ (34)

(dollar amounts in millions)	Less than 12 Months Fair Value	Less than 12 Months Gross Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Losses	Total Fair Value	Total Gross Unrealized Losses
December 31, 2019						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	$ 1,206	$ (10)	$ 519	$ (8)	$ 1,725	$ (18)
Residential MBS	1,169	(3)	9	—	1,178	(3)
Commercial MBS	472	(2)	272	(2)	744	(4)
Other agencies	86	(1)	—	—	86	(1)
Total federal agency and other agency securities	2,933	(16)	800	(10)	3,733	(26)
Municipal securities	273	(4)	1,204	(19)	1,477	(23)
Asset-backed securities	116	(1)	37	(1)	153	(2)
Corporate debt	1	—	—	—	1	—
Total temporarily impaired available-for-sale securities	$ 3,323	$ (21)	$ 2,041	$ (30)	$ 5,364	$ (51)
Held-to-maturity securities:						
Federal agencies:						
Residential CMO	$ 218	$ (1)	$ 112	$ (2)	$ 330	$ (3)
Residential MBS	317	—	—	—	317	—
Commercial MBS	81	—	—	—	81	—
Other agencies	58	—	—	—	58	—
Total federal agency and other agency securities	674	(1)	112	(2)	786	(3)
Municipal securities	4	—	—	—	4	—
Total temporarily impaired held-to-maturity securities	$ 678	$ (1)	$ 112	$ (2)	$ 790	$ (3)

During 2020, Huntington transferred a total of $2.8 billion of securities from the AFS portfolio to the HTM portfolio. At the time of the transfers, AOCI included a combined total of $21 million of unrealized gains attributed to these securities. This gain will be amortized into interest income over the remaining life of the securities.

At December 31, 2020 and December 31, 2019, the carrying value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, security repurchase agreements and to support borrowing capacity totaled $14.4 billion and $3.8 billion, respectively. There were no securities of a single issuer, which were not governmental or government-sponsored, that exceeded 10% of shareholders' equity at either December 31, 2020 or December 31, 2019. At December 31, 2020, all HTM debt securities are considered AAA rated. In addition, there were no HTM debt securities considered past due at December 31, 2020.

AFS Securities Impairment/HTM Securities Allowance for Credit Losses

Based on an evaluation of available information including security type, counterparty credit quality, past events, current conditions, and reasonable and supportable forecasts that are relevant to collectability, Huntington has concluded that it expects to receive all contractual cash flows from each security held in its AFS and HTM debt securities portfolio. As such, no allowance or impairment is recorded with respect to securities as of December 31, 2020.

5. LOANS / LEASES

Loans and leases which Huntington has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are classified in the Consolidated Balance Sheets as loans and leases. The total balance of unamortized premiums, discounts, fees, and costs, recognized as part of loans and leases, was a net premium of $491 million and $525 million at December 31, 2020 and 2019, respectively.

Loan and Lease Portfolio Composition

The following table provides a detailed listing of Huntington's loan and lease portfolio at December 31, 2020 and December 31, 2019.

	At December 31,	
(dollar amounts in millions)	2020	2019
Loans and leases:		
Commercial and industrial	$ 35,373	$ 30,664
Commercial real estate	7,199	6,674
Automobile	12,778	12,797
Home equity	8,894	9,093
Residential mortgage	12,141	11,376
RV and marine	4,190	3,563
Other consumer	1,033	1,237
Total Loans and leases	81,608	75,404
Allowance for loan and lease losses	(1,814)	(783)
Net loans and leases	$ 79,794	$ 74,621

Equipment Leases

Huntington leases equipment to customers, and substantially all such arrangements are classified as either sales-type or direct financing leases, which are included in C&I loans. These leases are reported at the aggregate of lease payments receivable and estimated residual values, net of unearned and deferred income, and any initial direct costs incurred to originate these leases. Renewal options for leases are at the option of the lessee, and are not included in the measurement of lease receivables as they are not considered reasonably certain of exercise. Purchase options are typically at fair value, and as such those options are not considered in the measurement of lease receivables or in lease classification.

For leased equipment, the residual component of a direct financing lease represents the estimated fair value of the leased equipment at the end of the lease term. Huntington uses industry data, historical experience, and independent appraisals to establish these residual value estimates. Additional information regarding product life cycle, product upgrades, as well as insight into competing products are obtained through relationships with industry contacts and are factored into residual value estimates where applicable. Upon expiration of a lease, residual assets are remarketed, resulting in an extension of the lease by the lessee, a lease to a new customer, or purchase of the residual asset by the lessee or another party. Huntington also purchases insurance guaranteeing the value of certain residual assets.

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

The following table presents net investments in lease financing receivables by category at December 31, 2020 and 2019:

(dollar amounts in millions)	At December 31, 2020	At December 31, 2019
Commercial and industrial:		
Lease payments receivable	$ 1,737	$ 1,841
Estimated residual value of leased assets	664	728
Gross investment in commercial and industrial lease financing receivables	2,401	2,569
Deferred origination costs	21	19
Deferred fees	(200)	(249)
Total net investment in commercial and industrial lease financing receivables	$ 2,222	$ 2,339

The carrying value of residual values guaranteed was $93 million as of December 31, 2020. The future lease rental payments due from customers on sales-type and direct financing leases at December 31, 2020, totaled $1.7 billion and were due as follows: $0.6 billion in 2021, $0.4 billion in 2022, $0.3 billion in 2023, $0.2 billion in 2024, $0.1 billion in 2025, and $0.1 billion thereafter. Interest income recognized for these types of leases was $106 million, $108 million, and $100 million for the years 2020, 2019, and 2018 respectively.

Nonaccrual and Past Due Loans

The following table presents NALs by loan class at December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
(dollar amounts in millions)	Nonaccrual loans with no ACL	Total nonaccrual loans	Nonaccrual loans with no ACL	Total nonaccrual loans
Commercial and industrial	$ 69	$ 353	$ 109	$ 323
Commercial real estate	8	15	2	10
Automobile	—	4	—	4
Home equity	—	70	—	59
Residential mortgage	—	88	—	71
RV and marine	—	2	—	1
Other consumer	—	—	—	—
Total nonaccrual loans	$ 77	$ 532	$ 111	$ 468

The amount of interest that would have been recorded under the original terms for total NAL loans was $33 million, $26 million, and $22 million for 2020, 2019, and 2018, respectively. The total amount of interest recorded to interest income for NAL loans was $6 million, $9 million, and $12 million in 2020, 2019, and 2018, respectively.

The following table presents an aging analysis of loans and leases, including past due loans and leases, by loan class at December 31, 2020 and 2019:

	December 31, 2020								
	Past Due (1)(2)								
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing	
Commercial and industrial	$ 60	$ 38	$ 95	$ 193	$ 35,180	$ —	$ 35,373	$ 10	(3)
Commercial real estate	—	1	11	12	7,187	—	7,199	—	
Automobile	84	22	12	118	12,660	—	12,778	9	
Home equity	35	15	61	111	8,782	1	8,894	14	
Residential mortgage	114	38	194	346	11,702	93	12,141	132	(4)
RV and marine	17	3	3	23	4,167	—	4,190	3	
Other consumer	9	4	3	16	1,017	—	1,033	3	
Total loans and leases	$ 319	$ 121	$ 379	$ 819	$ 80,695	$ 94	$ 81,608	$ 171	

	December 31, 2019							
	Past Due (1)							
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing
Commercial and	$ 65	$ 31	$ 69	$ 165	$ 30,499	$ —	$ 30,664	$ 11 (3)
Commercial real estate	3	1	7	11	6,663	—	6,674	—
Automobile	95	19	11	125	12,672	—	12,797	8
Home equity	50	19	51	120	8,972	1	9,093	14
Residential mortgage	103	49	170	322	10,974	80	11,376	129 (4)
RV and marine	13	4	2	19	3,544	—	3,563	2
Other consumer	13	6	7	26	1,211	—	1,237	7
Total loans and leases	$ 342	$ 129	$ 317	$ 788	$ 74,535	$ 81	$ 75,404	$ 171

(1) NALs are included in this aging analysis based on the loan's past due status.
(2) At December 31, 2020, the principal balance of loans in payment deferral programs offered in response to the COVID-19 pandemic which are performing according to their modified terms are generally not considered delinquent.
(3) Amounts include Huntington Technology Finance administrative lease delinquencies.
(4) Amounts include mortgage loans insured by U.S. government agencies.

Credit Quality Indicators

To facilitate the monitoring of credit quality for commercial loans, and for the purposes of determining an appropriate ACL level for these loans, Huntington utilizes the following internally defined categories of credit grades:

- *Pass* - Higher quality loans that do not fit any of the other categories described below.
- *OLEM* - The credit risk may be relatively minor yet represents a risk given certain specific circumstances. If the potential weaknesses are not monitored or mitigated, the loan may weaken or the collateral may be inadequate to protect Huntington's position in the future. For these reasons, Huntington considers the loans to be potential problem loans.
- *Substandard* - Inadequately protected loans resulting from the borrower's ability to repay, equity, and/or the collateral pledged to secure the loan. These loans have identified weaknesses that could hinder normal repayment or collection of the debt. It is likely Huntington will sustain some loss if any identified weaknesses are not mitigated.
- *Doubtful* - Loans that have all of the weaknesses inherent in those loans classified as Substandard, with the added elements of the full collection of the loan is improbable and that the possibility of loss is high.

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

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

For all classes within the consumer loan portfolios, loans are assigned pool level PD factors based on the FICO range within which the borrower's credit bureau score falls. A credit bureau score is a credit score developed by FICO based on data provided by the credit bureaus. The credit bureau score is widely accepted as the standard measure of consumer credit risk used by lenders, regulators, rating agencies, and consumers. The higher the credit bureau score, the higher likelihood of repayment and therefore, an indicator of higher credit quality.

Huntington assesses the risk in the loan portfolio by utilizing numerous risk characteristics. The classifications described above, and also presented in the table below, represent one of those characteristics that are closely monitored in the overall credit risk management processes.

The following table presents each loan and lease class by vintage and credit quality indicator at December 31, 2020:

	As of December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year								
(dollar amounts in millions)	2020	2019	2018	2017	2016	Prior	Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total (3)
Commercial and industrial									
Credit Quality Indicator (1):									
Pass	$13,757	$ 4,525	$ 2,758	$ 1,347	$ 974	$ 916	$ 8,894	$ 2	$ 33,173
OLEM	421	116	69	30	33	22	124	—	815
Substandard	196	144	188	224	46	159	423	—	1,380
Doubtful	2	—	1	—	—	1	1	—	5
Total Commercial and industrial	$14,376	$ 4,785	$ 3,016	$ 1,601	$ 1,053	$ 1,098	$ 9,442	$ 2	$ 35,373
Commercial real estate									
Credit Quality Indicator (1):									
Pass	$ 1,742	$ 1,610	$ 1,122	$ 507	$ 507	$ 539	$ 633	$ —	$ 6,660
OLEM	94	78	63	37	28	14	4	—	318
Substandard	27	46	10	29	58	14	36	—	220
Doubtful	—	—	—	—	—	1	—	—	1
Total Commercial real estate	$ 1,863	$ 1,734	$ 1,195	$ 573	$ 593	$ 568	$ 673	$ —	$ 7,199
Automobile									
Credit Quality Indicator (2):									
750+	$ 2,670	$ 2,013	$ 1,144	$ 742	$ 317	$ 81	$ —	$ —	$ 6,967
650-749	1,965	1,343	755	386	175	52	—	—	4,676
<650	312	301	244	157	84	37	—	—	1,135
Total Automobile	$ 4,947	$ 3,657	$ 2,143	$ 1,285	$ 576	$ 170	$ —	$ —	$ 12,778
Home equity									
Credit Quality Indicator (2):									
750+	$ 793	$ 26	$ 26	$ 32	$ 89	$ 451	$ 4,373	$ 192	$ 5,982
650-749	147	9	8	11	27	157	1,906	181	2,446
<650	1	1	1	1	6	70	286	99	465
Total Home equity	$ 941	$ 36	$ 35	$ 44	$ 122	$ 678	$ 6,565	$ 472	$ 8,893
Residential mortgage									
Credit Quality Indicator (2):									
750+	$ 3,269	$ 1,370	$ 891	$ 1,064	$ 762	$ 1,243	$ 1	$ —	$ 8,600
650-749	991	435	307	278	171	495	—	—	2,677
<650	34	89	111	108	81	348	—	—	771
Total Residential mortgage	$ 4,294	$ 1,894	$ 1,309	$ 1,450	$ 1,014	$ 2,086	$ 1	$ —	$ 12,048
RV and marine									
Credit Quality Indicator (2):									
750+	$ 1,136	$ 525	$ 589	$ 337	$ 153	$ 254	$ —	$ —	$ 2,994
650-749	348	215	201	136	64	129	—	—	1,093
<650	4	15	21	22	12	29	—	—	103
Total RV and marine	$ 1,488	$ 755	$ 811	$ 495	$ 229	$ 412	$ —	$ —	$ 4,190
Other consumer									
Credit Quality Indicator (2):									
750+	$ 69	$ 58	$ 26	$ 8	$ 4	$ 14	$ 340	$ 2	$ 521
650-749	36	56	17	5	2	3	294	30	443
<650	2	8	3	1	—	1	26	28	69
Total Other consumer	$ 107	$ 122	$ 46	$ 14	$ 6	$ 18	$ 660	$ 60	$ 1,033

(1) Consistent with the credit quality disclosures, indicators for the Commercial portfolio are based on internally defined categories of credit grades which are generally refreshed at least semi-annually.
(2) Consistent with the credit quality disclosures, indicators for the Consumer portfolio are based on updated customer credit scores refreshed at least quarterly.
(3) The total amount of accrued interest recorded for these loans at December 31, 2020, presented in other assets within the Consolidated Balance Sheets, was $146 million and $123 million for commercial and consumer, respectively.

The following tables present each loan and lease class by credit quality indicator at December 31, 2019:

	December 31, 2019				
	Credit Risk Profile by UCS Classification				
(dollar amounts in millions)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial	$ 28,477	$ 634	$ 1,551	$ 2	$ 30,664
Commercial real estate	6,487	98	88	1	6,674
		Credit Risk Profile by FICO Score (1), (2)			
		750+	650-749	<650	Total
Automobile		$ 6,759	$ 4,661	$ 1,377	12,797
Home equity		5,763	2,772	557	9,092
Residential mortgage		7,976	2,742	578	11,296
RV and marine		2,391	1,053	119	3,563
Other consumer		546	571	120	1,237

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

(2) Reflects updated customer credit scores.

TDR Loans

On March 22, 2020 and April 7, 2020, the federal bank regulatory agencies including the FRB and OCC released statements encouraging financial institutions to work prudently with borrowers that may be unable to meet their contractual obligations because of the effects of COVID-19. The statements go on to explain that, in consultation with the FASB staff, the federal bank regulatory agencies concluded that short-term modifications (e.g. six months) made on a good faith basis to borrowers who were current as of the implementation date of a relief program are not TDRs. Section 4013 of the CARES Act, as amended by Section 541 of the Consolidated Appropriations Act of 2021, ("CARES Act") further addresses COVID-19 related modifications occurring between March 1, 2020 through January 1, 2022 and specifies that such COVID-19 related modifications on loans that were current as of December 31, 2019 are not TDRs.

For COVID-19 related loan modifications occurring during 2020, which met the loan modification criteria under the CARES Act, Huntington elected to suspend TDR accounting. For loan modifications not eligible for the CARES Act, Huntington applied the interagency regulatory guidance that was clarified on April 7, 2020. Accordingly, insignificant concessions (related to the current COVID-19 crisis) granted through payment deferrals, fee waivers, or other short-term modifications (generally 6 months or less) and provided to borrowers less than 30 days past due at March 17, 2020 were not deemed to be TDRs. Therefore, modified loans that met the required guidelines for relief are excluded from the TDR disclosures below.

The amount of interest that would have been recorded under the original terms for total accruing TDR loans was $46 million, $52 million, and $51 million for 2020, 2019, and 2018, respectively. The total amount of actual interest recorded to interest income for these loans was $43 million, $49 million, and $48 million for 2020, 2019, and 2018, respectively.

TDR Concession Types

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

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

Commercial loan TDRs – Our strategy involving commercial TDR borrowers includes working with these borrowers to allow them to refinance elsewhere, as well as allow them time to improve their financial position and remain a Huntington customer through refinancing their notes according to market terms and conditions in the future. A subsequent refinancing or modification of a loan may occur when either the loan matures according to the terms of the TDR-modified agreement or the borrower requests a change to the loan agreements. At that time, the loan is evaluated to determine if the borrower is creditworthy. It is subjected to the normal underwriting standards and processes for other similar credit extensions, both new and existing. The refinanced note is evaluated to determine if it is considered a new loan or a continuation of the prior loan.

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

TDR Impact on Credit Quality

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

The Company's TDRs may include multiple concessions and the disclosure classifications are presented based on the primary concession provided to the borrower. The majority of the concessions for the C&I and CRE portfolios are the extension of the maturity date, but could also include an interest rate concession. In these instances, the primary concession is the maturity date extension.

The following table presents, by class and modification type, the number of contracts, post-modification outstanding balance, and the financial effects of the modification for the years ended December 31, 2020 and 2019.

	New Troubled Debt Restructurings (1)					
	Year Ended December 31, 2020					
		Post-modification Outstanding Recorded Investment (2)				
(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
Commercial and industrial	317	$ —	$ 123	$ —	$ 58	$ 181
Commercial real estate	13	—	3	—	—	3
Automobile	3,018	—	29	6	—	35
Home equity	273	—	6	8	2	16
Residential mortgage	585	—	79	7	—	86
RV and marine	168	—	4	1	—	5
Other consumer	622	3	—	—	1	4
Total new TDRs	4,996	$ 3	$ 244	$ 22	$ 61	$ 330

	Year Ended December 31, 2019					
		Post-modification Outstanding Recorded Investment (2)				
(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
Commercial and industrial	482	$ —	$ 172	$ —	$ 7	$ 179
Commercial real estate	29	—	13	—	—	13
Automobile	2,971	—	19	7	—	26
Home equity	306	—	9	8	—	17
Residential mortgage	330	—	35	2	—	37
RV and marine	139	—	1	2	—	3
Other consumer	972	8	—	—	—	8
Total new TDRs	5,229	$ 8	$ 249	$ 19	$ 7	$ 283

(1) TDRs may include multiple concessions. The disclosure classification is based on the primary concession provided to the borrower.
(2) Post-modification balances approximate pre-modification balances. The aggregate amount of charge-offs as a result of a restructuring are not significant.

The financial effects of modification represent the impact on the provision (recovery) for loan and lease losses. Amounts for the years ended December 31, 2020 and December 31, 2019 were $6 million and $(2) million, respectively.

Pledged Loans

The Bank has access to the Federal Reserve's discount window and advances from the FHLB. As of December 31, 2020 and 2019, these borrowings and advances are secured by $43.0 billion and $39.6 billion, respectively, of loans.

6. ALLOWANCE FOR CREDIT LOSSES

On January 1, 2020, Huntington adopted ASU 2016-13 Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet exposures not accounted for as insurance and net investments in leases accounted for under ASC Topic 842. Additionally, ASC Topic 326 made changes to the accounting for AFS debt securities, including a requirement to present credit losses as an allowance rather than as a write-down on AFS debt securities that management does not intend to sell, or believes will not be required to sell.

Huntington adopted ASC Topic 326 using the modified retrospective method for all financial assets in scope of the standard. Results for reporting periods beginning after January 1, 2020 are presented under ASC Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. Upon adoption, Huntington recorded an increase to the ACL of $393 million and a corresponding decrease to retained earnings of approximately $306 million, net of tax of $87 million. The overall increase to the ACL at adoption is comprised of a $180 million increase in the commercial ALLL, a $211 million increase in the consumer ALLL, and a $2 million increase to the AULC.

Allowance for Loan and Lease Losses and Allowance for Credit Losses - Roll-forward

The following table presents ALLL and AULC activity by portfolio segment for the years ended December 31, 2020, 2019, and 2018:

(dollar amounts in millions)	Commercial	Consumer	Total
Year ended December 31, 2020:			
ALLL balance, beginning of period	$ 552	$ 231	$ 783
Cumulative-effect of change in accounting principle for financial instruments - credit losses (1)	180	211	391
Loan charge-offs	(374)	(166)	(540)
Recoveries of loans previously charged-off	32	59	91
Provision for loan and lease losses	846	243	1,089
ALLL balance, end of period	$ 1,236	$ 578	$ 1,814
AULC balance, beginning of period	$ 102	$ 2	$ 104
Cumulative-effect of change in accounting principle for financial instruments - credit losses (1)	(38)	40	2
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	(17)	(24)	(41)
Unfunded commitment losses	(13)	—	(13)
AULC balance, end of period	$ 34	$ 18	$ 52
ACL balance, end of period	$ 1,270	$ 596	$ 1,866
Year ended December 31, 2019:			
ALLL balance, beginning of period	$ 542	$ 230	$ 772
Loan charge-offs	(165)	(197)	(362)
Recoveries of loans previously charged-off	40	57	97
Provision for loan and lease losses	135	142	277
Allowance for loans sold or transferred to loans held for sale	—	(1)	(1)
ALLL balance, end of period	$ 552	$ 231	$ 783
AULC balance, beginning of period	$ 94	$ 2	$ 96
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	10	—	10
Unfunded commitment losses	(2)	—	(2)
AULC balance, end of period	$ 102	$ 2	$ 104
ACL balance, end of period	$ 654	$ 233	$ 887
Year ended December 31, 2018:			
ALLL balance, beginning of period	$ 482	$ 209	$ 691
Loan charge-offs	(79)	(189)	(268)
Recoveries of loans previously charged-off	65	58	123
Provision for loan and lease losses	74	152	226
ALLL balance, end of period	$ 542	$ 230	$ 772
AULC balance, beginning of period	$ 84	$ 3	$ 87
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	10	(1)	9
AULC balance, end of period	$ 94	$ 2	$ 96
ACL balance, end of period	$ 636	$ 232	$ 868

(1) Relates to day one impact of the CECL adjustment as a result of the implementation of ASU 2016-13.

At December 31, 2020, the ACL was $1.9 billion, an increase of $979 million from the December 31, 2019 balance of $887 million. Of the increase, $586 million relates primarily to the deterioration in the macroeconomic outlook resulting from the COVID-19 pandemic as evidenced in part by the changes in assumed unemployment rate levels during 2020. When estimating the January 1, 2020 CECL implementation adjustment, the assumed unemployment rate for fourth quarter 2020 in the base case scenario was 3.75%. When estimating the December 31, 2020 ACL, the assumed unemployment rate for fourth quarter 2020 in the base case scenario was 7.20%. The remaining increase of $393 million was related to the transition to the CECL lifetime loss methodology. The majority of the increase in the ACL from 2019 year-end levels related to the commercial portfolio.

The suite of CECL models are generally dependent on the rate of change in unemployment rather than the absolute unemployment levels. Additionally, the economic scenarios used in the December 31, 2020 ACL determination contained significant judgmental assumptions around the ultimate number of COVID-19 cases and the level and timing of government stimulus. Given the impact of the unemployment variable utilized within the models and the uncertainty associated with key economic scenario assumptions, the December 31, 2020 ACL included a material general reserve component to capture this economic uncertainty risk not addressed within the quantitative transaction reserve.

NCOs increased $184 million, or 69%, in 2020. The increase was driven by commercial NCOs, which were centered in our oil and gas portfolio, partially offset by a decline in other consumer.

7. MORTGAGE LOAN SALES AND SERVICING RIGHTS

Residential Mortgage Portfolio

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the years ended December 31, 2020, 2019, and 2018:

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Residential mortgage loans sold with servicing retained	$ 8,436	$ 4,841	$ 3,846
Pretax gains resulting from above loan sales (1)	311	119	87

(1) Recorded in mortgage banking income.

The following table summarizes the changes in MSRs recorded using the fair value method for the years ended December 31, 2020 and 2019 (1):

	Year Ended December 31,	
(dollar amounts in millions)	2020	2019 (1)
Fair value, beginning of period	$ 7	$ 10
Fair value election for servicing assets previously measured using the amortized method	205	—
New servicing assets created	102	—
Change in fair value during the period due to:		
Time decay (2)	(9)	(1)
Payoffs (3)	(43)	(1)
Changes in valuation inputs or assumptions (4)	(52)	(1)
Fair value, end of period	$ 210	$ 7
Weighted-average life (years)	7.6	6.4

(1) Prior to January 1, 2020, substantially all of Huntington's MSR assets were recorded at amortized cost.
(2) Represents decrease in value due to passage of time, including the impact from both regularly scheduled principal payments and partial loan paydowns.
(3) Represents decrease in value associated with loans that paid off during the period.
(4) Represents change in value resulting primarily from market-driven changes in interest

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

For MSRs under the fair value method, a summary of key assumptions and the sensitivity of the MSR value to changes in these assumptions at December 31, 2020, and December 31, 2019 follows:

	December 31, 2020			December 31, 2019 (1)		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in millions)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	17.36 %	$ (12)	$ (23)	8.21 %	$ —	$ —
Spread over forward interest rate swap rates	519 bps	(4)	(8)	824 bps	—	—

(1) Prior to January 1, 2020, substantially all of Huntington's MSR assets were recorded at amortized cost.

Total servicing, late and other ancillary fees included in mortgage banking income was $64 million, $63 million, and $60 million for the years ended December 31, 2020, 2019, and 2018, respectively. The unpaid principal balance of residential mortgage loans serviced for third parties was $23.5 billion, $22.4 billion, and $21.0 billion at December 31, 2020, 2019, and 2018, respectively.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

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

A rollforward of goodwill by business segment for the years ended December 31, 2020 and 2019, is presented in the table below:

(dollar amounts in millions)	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury/ Other	Huntington Consolidated
Balance, January 1, 2019	$ 1,393	$ 426	$ —	$ 170	$ —	$ 1,989
Goodwill acquired during the period	—	—	—	—	—	—
Adjustments	—	1	—	—	—	1
Balance, December 31, 2019	1,393	427	—	170	—	1,990
Goodwill acquired during the period	—	—	—	—	—	—
Adjustments	—	—	—	—	—	—
Balance, December 31, 2020	$ 1,393	$ 427	$ —	$ 170	$ —	$ 1,990

Goodwill is not amortized but is evaluated for impairment on an annual basis at October 1 of each year or whenever events or changes in circumstances indicate the carrying value may not be recoverable. No impairment was recorded in 2020 or 2019.

The emergence of COVID-19 as a global pandemic early in 2020 led to significant deterioration in the economic environment which has impacted expected earnings. Following qualitative assessments of the goodwill balance in each of the first 3 quarters of 2020, management conducted its annual goodwill impairment test effective October 1, 2020. Impairment was not identified in any of the Bank's reporting units during the annual test and further deterioration in the economic environment was not identified leading up to year end. Goodwill assessments are highly sensitive to economic projections and the related assumptions and estimates used by management.

At December 31, 2020 and 2019, Huntington's other intangible assets consisted of the following:

(dollar amounts in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
December 31, 2020			
Core deposit intangible	$ 310	$ (150)	$ 160
Customer relationship	101	(70)	31
Total other intangible assets	$ 411	$ (220)	$ 191
December 31, 2019			
Core deposit intangible	$ 310	$ (120)	$ 190
Customer relationship	115	(73)	42
Total other intangible assets	$ 425	$ (193)	$ 232

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

(dollar amounts in millions)	Amortization Expense
2021	$ 38
2022	36
2023	34
2024	32
2025	31

9. PREMISES AND EQUIPMENT

Premises and equipment were comprised of the following at December 31, 2020 and 2019:

	At December 31,	
(dollar amounts in millions)	2020	2019
Land and land improvements	$ 198	$ 189
Buildings	586	587
Leasehold improvements	203	205
Equipment	736	742
Total premises and equipment	1,723	1,723
Less accumulated depreciation and amortization	(966)	(960)
Net premises and equipment	$ 757	$ 763

Depreciation and amortization charged to expense and rental income credited to net occupancy expense for the three years ended December 31, 2020, 2019, and 2018 were:

(dollar amounts in millions)	2020	2019	2018
Total depreciation and amortization of premises and equipment	$ 119	$ 116	$ 130
Rental income credited to occupancy expense	10	11	13

10. OPERATING LEASES

At December 31, 2020, Huntington was obligated under non-cancelable leases for branch and office space. These leases are all classified as operating due to the amount of time such spaces are occupied relative to the underlying assets useful lives. Many of these leases contain renewal options, most of which are not included in measurement of the right-of-use asset as they are not considered reasonably certain of exercise (i.e., Huntington does not currently have a significant economic incentive to exercise these options). Some leases contain escalation clauses calling for rentals to be adjusted for increased real estate taxes and other operating expenses or proportionately adjusted for increases in the consumer or other price indices. Occasionally, Huntington will sublease the land and buildings for which it has obtained the right to use; substantially all of those sublease arrangements are classified as operating, with sublease income recognized on a straight-line basis over the contractual term of the arrangement.

Net lease assets and liabilities at December 31, 2020 and 2019 are as follows:

		At December 31,	
(dollar amounts in millions)	Classification	2020	2019
Assets			
Operating lease assets	Other assets	$ 199	$ 210
Liabilities			
Lease liabilities	Other liabilities	$ 220	$ 233

Net lease cost for the years ended December 31, 2020 and 2019 are as follows:

		Year Ended December 31,	
(dollar amounts in millions)	Classification	2020	2019
Operating lease cost	Net occupancy	$ 50	$ 47
Short-term lease cost	Net occupancy	1	1
Sublease income	Net occupancy	(2)	(3)
Net lease cost		$ 49	$ 45

Maturity of lease liabilities at December 31, 2020 are as follows:

(dollar amounts in millions)	Total
2021	$ 43
2022	42
2023	37
2024	32
2025	26
Thereafter	77
Total lease payments	$ 257
Less: Interest	(37)
Total lease liabilities	$ 220

Additional supplemental information related to the Company's operating leases as of December 31, 2020 and 2019 are as follows:

	Year Ended December 31,	
(dollar amounts in millions)	2020	2019
Cash paid for amounts included in the measurement of lease liabilities for Operating cash flows	$ (53)	$ (54)
Right-of-use assets obtained in exchange for lease obligations for Operating leases	23	40
Weighted-average remaining lease term (years) for Operating leases	7.17	7.31
Weighted-average discount rate for Operating leases	4.26 %	4.56 %

11. SHORT-TERM BORROWINGS

Borrowings with original maturities of one year or less are classified as short-term and were comprised of the following at December 31, 2020 and 2019:

	At December 31,	
(dollar amounts in millions)	2020	2019
Federal funds purchased and securities sold under agreements to repurchase	$ 71	$ 1,041
Federal Home Loan Bank advances	—	1,500
Other borrowings	112	65
Total short-term borrowings	$ 183	$ 2,606

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12. LONG-TERM DEBT

Huntington's long-term debt consisted of the following:

(dollar amounts in millions)	At December 31, 2020	At December 31, 2019
The Parent Company:		
Senior Notes:		
3.19% Huntington Bancshares Incorporated medium-term notes due 2021	$ 802	$ 993
2.33% Huntington Bancshares Incorporated senior notes due 2022	699	972
2.67% Huntington Bancshares Incorporated senior notes due 2024	838	798
4.05% Huntington Bancshares Incorporated senior notes due 2025	553	528
2.60% Huntington Bancshares Incorporated senior notes due 2030	743	—
Subordinated Notes:		
7.00% Huntington Bancshares Incorporated subordinated notes due 2020	—	305
3.55% Huntington Bancshares Incorporated subordinated notes due 2023	256	247
Huntington Capital I Trust Preferred 0.94% junior subordinated debentures due 2027 (1)	69	70
Huntington Capital II Trust Preferred 0.86% junior subordinated debentures due 2028 (2)	32	32
Sky Financial Capital Trust III 1.64% junior subordinated debentures due 2036 (3)	72	72
Sky Financial Capital Trust IV 1.64% junior subordinated debentures due 2036 (3)	74	74
Camco Financial Statutory Trust I 1.57% due 2037 (4)	4	4
Total notes issued by the parent	4,142	4,095
The Bank:		
Senior Notes:		
2.47% Huntington National Bank senior notes due 2020	—	699
2.42% Huntington National Bank senior notes due 2020 (5)	—	300
2.43% Huntington National Bank senior notes due 2020	—	500
2.97% Huntington National Bank senior notes due 2020	—	499
0.79% Huntington National Bank senior notes due 2021 (6)	298	299
3.33% Huntington National Bank senior notes due 2021	752	759
2.55% Huntington National Bank senior notes due 2022	710	691
3.16% Huntington National Bank senior notes due 2022	511	507
1.83% Huntington National Bank senior notes due 2023	489	—
3.60% Huntington National Bank senior notes due 2023	773	778
Subordinated Notes:		
3.86% Huntington National Bank subordinated notes due 2026	233	231
Total notes issued by the bank	3,766	5,263
FHLB Advances:		
1.54% weighted average rate, varying maturities greater than one year	3	5
Other:		
Huntington Technology Finance nonrecourse debt, 3.63% weighted average interest rate, varying maturities	266	312
2.12% Huntington Preferred Capital II - Class F securities (7)	75	74
2.12% Huntington Preferred Capital II - Class G securities (7)	50	50
2.24% Huntington Preferred Capital II - Class I securities (8)	50	50
Total long-term debt	$ 8,352	$ 9,849

(1) Variable effective rate at December 31, 2020, based on three-month LIBOR +0.70%
(2) Variable effective rate at December 31, 2020, based on three-month LIBOR +0.625%
(3) Variable effective rate at December 31, 2020, based on three-month LIBOR +1.40%
(4) Variable effective rate at December 31, 2020, based on three-month LIBOR +1.33%
(5) Variable effective rate at December 31, 2019, based on three-month LIBOR +0.51%
(6) Variable effective rate at December 31, 2020, based onthree-month LIBOR +0.55%
(7) Variable effective rate at December 31, 2020, based on three-month LIBOR +1.88%
(8) Variable effective rate at December 31, 2020, based on three-month LIBOR +2.00%

Amounts above are net of unamortized discounts and adjustments related to hedging with derivative financial instruments. We use interest rate swaps to hedge interest rate risk of certain fixed-rate debt by converting the debt to a variable rate. See Note 21 - "Derivative Financial Instruments" for more information regarding such financial instruments.

The following table presents senior notes issued during 2020:

Date of Issuance	Issuer	Amount	% of face value	Interest Rate	Term	Maturity
January 2020	Bank	$500 million	99.916 %	1.80 %	fixed	February 3, 2023
January 2020	Parent	750 million	99.597	2.55	fixed	February 4, 2030

During 2020, Huntington retired $500 million of senior notes, which resulted in net pre-tax loss of $7 million These transactions have been recorded as loss on early extinguishment of debt, and reflected in other noninterest expense, in the Consolidated Income Statement.

Long-term debt maturities for the next five years and thereafter are as follows:

(dollar amounts in millions)	2021	2022	2023	2024	2025	Thereafter	Total
The Parent Company:							
Senior notes	$ 800	$ 700	$ —	$ 800	$ 500	$ 750	$ 3,550
Subordinated notes	—	—	250	—	—	253	503
The Bank:							
Senior notes	1,044	1,198	1,202	—	—	—	3,444
Subordinated notes	—	—	—	—	—	250	250
FHLB Advances	—	1	1	—	—	1	3
Other	22	141	136	103	39	—	441
Total	$ 1,866	$ 2,040	$ 1,589	$ 903	$ 539	$ 1,254	$ 8,191

These maturities are based upon the par values of the long-term debt.

The terms of certain long-term debt obligations contain various restrictive covenants including limitations on the acquisition of additional debt, dividend payments, and the disposition of subsidiaries. As of December 31, 2020, Huntington was in compliance with all such covenants.

13. OTHER COMPREHENSIVE INCOME

The components of Huntington's OCI for the years ended December 31, 2020, 2019, and 2018, were as follows:

	2020		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Unrealized gains (losses) on available-for-sale securities arising during the period	$ 235	$ (52)	$ 183
Less: Reclassification adjustment for realized net losses (gains) included in net income	42	(9)	33
Net change in unrealized holding gains (losses) on available-for-sale securities	277	(61)	216
Net change in fair value on cash flow hedges	302	(68)	234
Net change in pension and other post-retirement obligations	(3)	1	(2)
Total other comprehensive income (loss)	$ 576	$ (128)	$ 448

	2019		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Unrealized gains (losses) on available-for-sale securities arising during the period	$ 403	$ (89)	$ 314
Less: Reclassification adjustment for realized net losses (gains) included in net income	26	(5)	21
Net change in unrealized holding gains (losses) on available-for-sale securities	429	(94)	335
Net change in fair value on cash flow hedges	26	(3)	23
Net change in pension and other post-retirement obligations	(7)	2	(5)
Total other comprehensive income (loss)	$ 448	$ (95)	$ 353

(dollar amounts in millions)	2018 Pretax	Tax (expense) Benefit	After-tax
Unrealized gains (losses) on available-for-sale securities arising during the period	$ (151)	$ 35	$ (116)
Less: Reclassification adjustment for net gains (losses) included in net income	41	(9)	32
Net change in unrealized holding gains (losses) on available-for-sale debt securities	(110)	26	(84)
Net change in pension and post-retirement obligations	4	—	4
Total other comprehensive income (loss)	$ (106)	$ 26	$ (80)

Activity in accumulated OCI for the years ended December 31, 2020 and 2019 were as follows:

(dollar amounts in millions)	Unrealized gains (losses) on debt securities (1)	Change in fair value related to cash flow hedges	Unrealized gains (losses) for pension and other post-retirement obligations	Total
December 31, 2018	$ (363)	$ —	$ (246)	$ (609)
Other comprehensive income before reclassifications	314	23	—	337
Amounts reclassified from accumulated OCI to earnings	21	—	(5)	16
Period change	335	23	(5)	353
December 31, 2019	(28)	23	(251)	(256)
Other comprehensive income before reclassifications	183	234	—	417
Amounts reclassified from accumulated OCI to earnings	33	—	(2)	31
Period change	216	234	(2)	448
December 31, 2020	$ 188	$ 257	$ (253)	$ 192

(1) AOCI amounts at December 31, 2020, 2019, and 2018 include $69 million, $121 million, and $137 million, respectively, net of unrealized losses on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized losses will be recognized in earnings over the remaining life of the security using the effective interest method.

14. SHAREHOLDERS' EQUITY

The following is a summary of Huntington's non-cumulative, non-voting, perpetual preferred stock outstanding as of December 31, 2020.

(dollar amounts in millions, share amounts in thousands)

Series	Issuance Date	Total Shares Outstanding	Carrying Amount	Dividend Rate	Earliest Redemption Date
Series B	12/28/2011	35,500	$ 23	3-mo. LIBOR + 270 bps	1/15/2017
Series D	3/21/2016	400,000	386	6.25 %	4/15/2021
Series D	5/5/2016	200,000	199	6.25	4/15/2021
Series C	8/16/2016	100,000	100	5.875	10/15/2021
Series E	2/27/2018	5,000	495	5.70	4/15/2023
Series F	5/27/2020	5,000	494	5.625	7/15/2030
Series G	8/3/2020	5,000	494	4.45	10/15/2027
Total		750,500	$ 2,191		

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

Preferred F Stock issued and outstanding

During the 2020 second quarter, Huntington issued $500 million of preferred stock. Huntington issued 500,000 depositary shares, each depositary shares representing a 1/100th ownership interest in a share of 5.625% Series F Non-Cumulative Perpetual Preferred Stock (Series F Preferred Stock), par value $0.01 per share, with a liquidation preference of $100,000 per share (equivalent to $1,000 per depositary share). Each holder of a depositary share will be entitled to all proportional rights and preferences of the Series F Preferred Stock (including dividend, voting, redemption, and liquidation rights). Costs of $6 million related to the issuance of the Series F Preferred Stock are reported as a direct deduction from the face amount of the stock.

Dividends on the Series F Preferred Stock will be non-cumulative and payable quarterly in arrears, when, as and if authorized by the Company's board of directors or a duly authorized committee of the board and declared by the Company, at an annual rate of 5.625% per year on the liquidation preference of $100,000 per share, equivalent to $1,000 per depositary share. The dividend payment dates will be the fifteenth day of each January, April, July and October, which commenced on October 15, 2020.

The Series F Preferred Stock is perpetual and has no maturity date. Huntington may redeem the Series F Preferred Stock at its option, (i) in whole or in part, from time to time, on any dividend payment date on or after July 15, 2030 or (ii) in whole but not in part, within 90 days following a regulatory capital treatment event, in each case, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without regard to any undeclared dividends, on the Series F Preferred Stock prior to the date fixed for redemption. If Huntington redeems the Series F Preferred Stock, the depositary will redeem a proportional number of depositary shares. Neither the holders of Series Preferred F Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Series F Preferred Stock or the depositary shares.

Preferred G Stock issued and outstanding

During the 2020 third quarter, Huntington issued $500 million of preferred stock. Huntington issued 500,000 depositary shares, each depositary shares representing a 1/100th ownership interest in a share of 4.450% Series G Non-Cumulative Perpetual Preferred Stock (Series G Preferred Stock), par value $0.01 per share, with a liquidation preference of $100,000 per share (equivalent to $1,000 per depositary share). Each holder of a depositary share will be entitled to all proportional rights and preferences of the Series G Preferred Stock (including dividend, voting, redemption, and liquidation rights). Costs of $6 million related to the issuance of the Series G Preferred Stock are reported as a direct deduction from the face amount of the stock.

Dividends on the Series G Preferred Stock will be non-cumulative and payable quarterly in arrears, when, as and if authorized by the Company's board of directors or a duly authorized committee of the board and declared by the Company, at an annual rate of 4.450% per year on the liquidation preference of $100,000 per share, equivalent to $1,000 per depositary share. The dividend payment dates will be the fifteenth day of each January, April, July and October, commencing on January 15, 2021.

The Series G Preferred Stock is perpetual and has no maturity date. Huntington may redeem the Series G Preferred Stock at its option, (i) in whole or in part, from time to time, on any dividend payment date on or after October 15, 2027 or (ii) in whole but not in part, within 90 days following a regulatory capital treatment event, in each case, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without regard to any undeclared dividends, on the Series G Preferred Stock prior to the date fixed for redemption. If Huntington redeems the Series G Preferred Stock, the depositary will redeem a proportional number of depositary shares. Neither the holders of Series Preferred G Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Series G Preferred Stock or the depositary shares.

Preferred H Stock issued and outstanding

On February 2, 2021, Huntington issued $500 million of preferred stock. Huntington issued 20,000,000 depositary shares, each representing a 1/40th ownership interest in a share of 4.50% Series H Non-Cumulative Perpetual Preferred Stock (Preferred H Stock), par value $0.01 per share, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share). Each holder of a depositary share, will be entitled to all proportional rights and preferences of the Preferred H Stock (including dividend, voting, redemption, and liquidation rights). Costs of $16 million related to the issuance of the Preferred H Stock are reported as a direct deduction from the face amount of the stock.

Dividends on the Preferred H Stock will be non-cumulative and payable quarterly in arrears, when, as and if authorized by the Company's board of directors or a duly authorized committee of the board and declared by the Company, at an annual rate of 4.50% per year on the liquidation preference of $1,000 per share, equivalent to $25 per depositary share. The dividend payment dates will be the fifteenth day of each January, April, July and October, commencing on July 15, 2021, or the next business day if any such day is not a business day.

The Preferred H Stock is perpetual and has no maturity date. Huntington may redeem the Preferred H Stock at its option, (i) in whole or in part, from time to time, on any dividend payment date on or after April 15, 2026 or (ii) in whole but not in part, within 90 days following a regulatory capital treatment event, in each case, at a redemption price equal to $1,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends and, in the case of a redemption following a regulatory capital treatment event, the pro-rated portion of dividends, whether or not declared, for the dividend period in which such redemption occurs. If Huntington redeems the Preferred H Stock, the depositary will redeem a proportional number of depositary shares. Neither the holders of Preferred H Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Preferred H Stock or the depositary shares. Any redemption of the Preferred H Stock is subject to Huntington's receipt of any required prior approval by the Board of Governors of the Federal Reserve System.

The following table presents the dividends declared for each series of Preferred shares for the years ended December 31, 2020, 2019, and 2018:

(amounts in millions, except per share data)

Preferred Series	Cash Dividend Declared Per Share	Amount ($)
Year Ended December 31, 2020		
Series B	$ 35.91	$ (1)
Series C	58.76	(6)
Series D	62.50	(37)
Series E	5,700.00	(29)
Series F	3,468.75	(17)
Series G	1,915.97	(10)
		$ (100)
Year Ended December 31, 2019		
Series B	$ 51.22	$ (2)
Series C	58.76	(6)
Series D	62.50	(37)
Series E	5,700.00	(29)
		$ (74)
Year Ended December 31, 2018		
Series B	$ 49.11	$ (3)
Series C	58.76	(6)
Series D	62.50	(37)
Series E	4,892.50	(24)
		$ (70)

15. EARNINGS PER SHARE

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

The calculation of basic and diluted earnings per share for each of the three years ended December 31 was as follows:

(amounts in millions, except per share data, share count in thousands)	Year Ended December 31, 2020	2019	2018
Net income	$ 817	$ 1,411	$ 1,393
Preferred stock dividends	(100)	(74)	(70)
Net income available to common shareholders	$ 717	$ 1,337	$ 1,323
Average common shares issued and outstanding	1,017,117	1,038,840	1,081,542
Dilutive potential common shares			
Stock options and restricted stock units and awards	10,613	12,994	16,529
Shares held in deferred compensation plans	4,953	4,245	3,511
Dilutive impact of Preferred Stock (1)	—	—	4,403
Other	—	—	—
Dilutive potential common shares	15,566	17,239	24,443
Total diluted average common shares issued and outstanding	1,032,683	1,056,079	1,105,985
Basic earnings per common share	$ 0.71	$ 1.29	$ 1.22
Diluted earnings per common share	$ 0.69	$ 1.27	$ 1.20
Anti-dilutive awards (2)	9,760	5,253	2,307

(1) The 2018 total diluted average common shares issued and outstanding was impacted by using the if-converted method.
(2) Reflects the total number of shares related to outstanding options that have been excluded from the computation of diluted earnings per share because the impact would have been anti-dilutive.

16. NONINTEREST INCOME

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

(dollar amounts in millions)	Year Ended December 31, 2020	2019	2018
Noninterest income			
Noninterest income from contracts with customers	$ 884	$ 939	$ 881
Noninterest income within the scope of other GAAP topics	707	515	440
Total noninterest income	$ 1,591	$ 1,454	$ 1,321

The following table illustrates the disaggregation by operating segment and major revenue stream and reconciles disaggregated revenue to segment revenue presented in Note 26 - "Segment Reporting":

(dollar amounts in millions)	Year Ended December 31, 2020 Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Major Revenue Streams						
Service charges on deposit accounts	$ 217	$ 74	$ 6	$ 4	$ —	$ 301
Card and payment processing income	221	15	—	—	—	236
Trust and investment management services	44	5	—	140	—	189
Insurance income	43	7	—	46	1	97
Other noninterest income	26	22	2	11	—	61
Net revenue from contracts with customers	$ 551	$ 123	$ 8	$ 201	$ 1	$ 884
Noninterest income within the scope of other GAAP topics	394	241	1	—	71	707
Total noninterest income	$ 945	$ 364	$ 9	$ 201	$ 72	$ 1,591

(dollar amounts in millions)	Year Ended December 31, 2019 Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Major Revenue Streams						
Service charges on deposit accounts	$ 297	$ 64	$ 7	$ 4	$ —	$ 372
Card and payment processing income	218	15	—	—	—	233
Trust and investment management services	34	4	—	139	1	178
Insurance Income	34	6	—	47	1	88
Other noninterest income	32	24	4	6	2	68
Net revenue from contracts with customers	$ 615	$ 113	$ 11	$ 196	$ 4	$ 939
Noninterest income within the scope of other GAAP topics	210	246	1	2	56	515
Total noninterest income	$ 825	$ 359	$ 12	$ 198	$ 60	$ 1,454

(dollar amounts in millions)	Year Ended December 31, 2018 Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Major Revenue Streams						
Service charges on deposit accounts	$ 290	$ 64	$ 5	$ 4	$ —	$ 363
Card and payment processing income	198	11	—	—	—	209
Trust and investment management services	28	4	—	139	—	171
Insurance Income	34	5	—	41	2	82
Other noninterest income	38	6	3	8	1	56
Net revenue from contracts with customers	$ 588	$ 90	$ 8	$ 192	$ 3	$ 881
Noninterest income within the scope of other GAAP topics	156	231	3	1	49	440
Total noninterest income	$ 744	$ 321	$ 11	$ 193	$ 52	$ 1,321

Huntington generally provides services for customers in which it acts as principal. Payment terms and conditions vary amongst services and customers, and thus impact the timing and amount of revenue recognition. Some fees may be paid before any service is rendered and accordingly, such fees are deferred until the obligations pertaining to those fees are satisfied. Most Huntington contracts with customers are cancelable by either party without penalty or they are short-term in nature, with a contract duration of less than one year. Accordingly, most revenue deferred for the reporting period ended December 31, 2020 is expected to be earned within one year. Huntington does not have significant balances of contract assets or contract liabilities and any change in those balances during the reporting period ended December 31, 2020 was determined to be immaterial.

17. SHARE-BASED COMPENSATION

Huntington sponsors nonqualified and incentive share based compensation plans. These plans provide for the granting of stock options, restricted stock awards, restricted stock units, performance share units and other awards to officers, directors, and other employees. Compensation costs are included in personnel costs on the Consolidated Statements of Income.

Huntington issues shares to fulfill stock option exercises and restricted stock unit and award vesting from available authorized common shares. At December 31, 2020, Huntington believes there are adequate authorized common shares to satisfy anticipated stock option exercises and restricted stock unit award vesting in 2021.

The following table presents total share-based compensation expense and related tax benefit for the three years ended December 31, 2020, 2019, and 2018:

(dollar amounts in millions)	2020	2019	2018
Share-based compensation expense	$ 77	$ 83	$ 78
Tax benefit	13	15	14

2018 Long-Term Incentive Plan

In 2018, shareholders approved the Huntington Bancshares Incorporated 2018 Long-Term Incentive Plan (the 2018 Plan). Shares remaining under the 2015 Long-Term Incentive Plan have been incorporated into the 2018 Plan. Accordingly, the total number of shares authorized under the 2018 Plan is 33 million shares. At December 31, 2020, 5 million shares from the Plan were available for future grants.

Stock Options

Stock options are granted at the closing market price on the date of the grant. Options granted typically vest ratably over four years or when other conditions are met. Stock options, which represented a portion of the grant values, have no intrinsic value until the stock price increases. Options granted on or after May 1, 2015 have a contractual term of ten years. All options granted on or before April 30, 2015 have a contractual term of seven years.

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

The following table presents the weighted average assumptions used in the option pricing model at the grant date for options granted in the three years ended December 31, 2020, 2019, and 2018:

Assumptions	2020	2019	2018
Risk-free interest rate	0.48 %	2.41 %	2.88 %
Expected dividend yield	6.98	4.36	3.71
Expected volatility of Huntington’s common stock	39.7	22.5	24.0
Expected option term (years)	6.5	6.5	6.5
Weighted-average grant date fair value per share	$ 1.49	$ 1.91	$ 2.58

Huntington's stock option activity and related information for the year ended December 31, 2020, was as follows:

(dollar amounts in millions, except per share and options amounts in thousands)	Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)		Aggregate Intrinsic Value
Outstanding at January 1, 2020	11,309	$	12.23			
Granted	4,378		8.60			
Exercised	(1,372)		7.56			
Forfeited/expired	(163)		13.25			
Outstanding at December 31, 2020	14,152	$	11.55	7.4	$	25
Expected to vest (1)	7,994	$	11.18	8.6	$	17
Exercisable at December 31, 2020	5,919	$	12.09	5.6	$	7

(1) The number of options expected to vest reflect an estimate of 239,000 shares expected to be forfeited.

The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the "in-the-money" option exercise price. The total intrinsic value of options exercised for the years ended December 31, 2020, 2019, and 2018 were $6 million, $16 million and $52 million, respectively. For the years ended December 31, 2020, 2019, and 2018, cash received for the exercises of stock options was $1 million, $2 million and $5 million, respectively. The tax benefit realized for the tax deductions from option exercises totaled $1 million, $3 million and $10 million in 2020, 2019, and 2018, respectively.

Restricted Stock Units and Performance Share Units

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

The following table summarizes the status of Huntington's restricted stock units, and performance share units as of December 31, 2020, and activity for the year ended December 31, 2020:

	Restricted Stock Units			Performance Share Units		
(amounts in thousands, except per share amounts)	Quantity		Weighted-Average Grant Date Fair Value Per Share	Quantity		Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2020	15,289	$	13.42	2,769	$	13.49
Granted	7,360		8.98	2,154		8.57
Vested	(5,416)		12.39	(1,626)		12.19
Forfeited	(581)		12.49	(22)		12.93
Nonvested at December 31, 2020	16,652	$	12.05	3,275	$	11.74

The weighted-average fair value at grant date of nonvested shares granted for the years ended December 31, 2020, 2019, and 2018 were $8.90, $13.91, and $14.98, respectively. The total fair value of awards vested during the years ended December 31, 2020, 2019, and 2018 was $86 million, $69 million, and $62 million, respectively. As of December 31, 2020, the total unrecognized compensation cost related to nonvested shares was $91 million with a weighted-average expense recognition period of 2.4 years.

18. BENEFIT PLANS

Huntington sponsors a non-contributory defined benefit pension plan covering substantially all employees hired or rehired prior to January 1, 2010. The plan, which was modified in 2013, no longer accrues service benefits to participants and provides benefits based upon length of service and compensation levels. Huntington's funding policy is to contribute an annual amount that is at least equal to the minimum funding requirements but not more than the amount deductible under the Internal Revenue Code. There were no required minimum contributions during 2020.

The following table shows the weighted-average assumptions used to determine the benefit obligation at December 31, 2020 and 2019, and the net periodic benefit cost for the years then ended:

	Pension Benefits	
	2020	2019
Weighted-average assumptions used to determine benefit obligations		
Discount rate	2.50 %	3.40 %
Weighted-average assumptions used to determine net periodic benefit cost		
Discount rate	3.40	4.41
Expected return on plan assets	5.00	5.25

The expected long-term rate of return on plan assets is an assumption reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The expected long-term rate of return is established at the beginning of the plan year based upon historical returns and projected returns on the underlying mix of invested assets.

The following table reconciles the beginning and ending balances of the benefit obligation of the Plan with the amounts recognized in the consolidated balance sheets at December 31:

	Pension Benefits	
(dollar amounts in millions)	2020	2019
Projected benefit obligation at beginning of measurement year	$ 923	$ 821
Changes due to:		
Service cost	3	2
Interest cost	26	32
Benefits paid	(29)	(29)
Settlements	(19)	(14)
Actuarial assumptions and gains (losses)	122	111
Total changes	103	102
Projected benefit obligation at end of measurement year	$ 1,026	$ 923

The increase in the benefit obligation compared with the end of the prior year is primarily attributed to a decrease in the discount rate.

The following table reconciles the beginning and ending balances of the fair value of plan assets at the December 31, 2020 and 2019 measurement dates:

	Pension Benefits	
(dollar amounts in millions)	2020	2019
Fair value of plan assets at beginning of measurement year	$ 931	$ 828
Changes due to:		
Actual return on plan assets	164	145
Settlements	(16)	(13)
Benefits paid	(29)	(29)
Total changes	119	103
Fair value of plan assets at end of measurement year	$ 1,050	$ 931

As of December 31, 2020, the difference between the accumulated benefit obligation and the fair value of Huntington's plan assets was $24 million and is recorded in other assets.

The following table shows the components of net periodic benefit costs recognized in the three years ended December 31, 2020, 2019 and 2018:

(dollar amounts in millions)	Pension Benefits (1) 2020	2019	2018
Service cost	$ 3	$ 2	$ 3
Interest cost	26	32	29
Expected return on plan assets	(42)	(44)	(49)
Amortization of loss	9	6	9
Settlements	5	5	7
Benefit costs	$ 1	$ 1	$ (1)

(1) The pension costs are recognized in noninterest income - other income in the Consolidated Statements of Income.

It is Huntington's policy to recognize settlement gains and losses as incurred. Assuming no cash contributions are made to the plan during 2021, Huntington expects net periodic pension benefit, excluding any expense of settlements, to approximate $6 million for 2021.

At December 31, 2020 and 2019, The Huntington National Bank, as trustee, held all plan assets. The plan assets consisted of investments in a variety of cash equivalent, corporate and government fixed income, and equity investments as follows:

(dollar amounts in millions)	Fair Value 2020		2019	
Cash equivalents:				
Mutual funds-money market	$ 20	2 %	$ 7	1 %
Fixed income:				
Corporate obligations	522	50	460	49
U.S. Government obligations	208	20	199	21
Municipal obligations	6	—	5	1
Collective trust funds	118	11	105	11
Equities:				
Common stock	48	5	53	6
Preferred stock	5	—	5	1
Limited liability companies	39	4	43	4
Collective trust funds	33	3	35	4
Limited partnerships	51	5	19	2
Fair value of plan assets	$ 1,050	100 %	$ 931	100 %

Investments of the Plan are accounted for at cost on the trade date and are reported at fair value. The valuation methodologies used to measure the fair value of pension plan assets vary depending on the type of asset. At December 31, 2020, cash equivalent money market funds and U.S. Treasury bills are valued at the closing price reported from an actively traded exchange and are classified as Level 1. Fixed income investments are valued using unadjusted quoted prices from active markets for similar assets are classified as Level 2. Common and preferred stock are valued using the year-end closing price as determined by a national securities exchange and are classified as Level 1. Collective trust funds and limited liability companies are valued at net asset value per unit as a practical expedient, which is calculated based on the fair values of the underlying investments held by the fund less its liabilities as reported by the issuer of the fund. The investment in the limited partnerships is reported at net asset value per share as determined by the general partners of each limited partnership, based on their proportionate share of the partnership's fair value as recorded in the partnership's audited financial statements.

The investment objective of the plan is to maximize the return on plan assets over a long-time period, while meeting the plan obligations. At December 31, 2020, plan assets were invested 2% in cash equivalents, 17% in equity investments, and 81% in bonds, with an average duration of 15.3 years on bond investments. The estimated life of benefit obligations was 13.5 years. Although it may fluctuate with market conditions, Huntington has targeted a long-term allocation of plan assets of 20% to 50% in equity investments and 80% to 50% in bond investments. The allocation of plan assets between equity investments and fixed income investments will change from time to time.

At December 31, 2020, the following table shows when benefit payments were expected to be paid:

(dollar amounts in millions)	Pension Benefits
2021	$ 58
2022	55
2023	53
2024	51
2025	50
2026 through 2030	243

Huntington also sponsors an unfunded defined benefit post-retirement plan as well as other nonqualified retirement plans.

The following table presents the amounts recognized in the Consolidated Balance Sheets at December 31, 2020 and 2019, for all defined benefit and nonqualified retirement plans:

(dollar amounts in millions)	2020	2019
Other liabilities	$ 48	$ 67

The following tables present the amounts recognized in OCI as of December 31, 2020, 2019, and 2018, and the changes in accumulated OCI for the years ended December 31, 2020, 2019, and 2018:

(dollar amounts in millions)	2020	2019	2018
Net actuarial loss	$ (253)	$ (261)	$ (257)
Prior service cost	—	10	11
Defined benefit pension plans	$ (253)	$ (251)	$ (246)

	2020		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Net actuarial (loss) gain:			
Amounts arising during the year	$ (7)	$ 2	$ (5)
Amortization included in net periodic benefit costs	17	(4)	13
Prior service cost:			
Amounts arising during the year	(11)	3	(8)
Amortization included in net periodic benefit costs	(2)	—	(2)
Total recognized in OCI	$ (3)	$ 1	$ (2)

	2019		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Net actuarial (loss) gain:			
Amounts arising during the year	$ (17)	$ 5	$ (12)
Amortization included in net periodic benefit costs	12	(3)	9
Prior service cost:			
Amortization included in net periodic benefit costs	(2)	—	(2)
Total recognized in OCI	$ (7)	$ 2	$ (5)

	2018		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Net actuarial (loss) gain:			
Amounts arising during the year	$ (5)	$ 2	$ (3)
Amortization included in net periodic benefit costs	13	(3)	10
Prior service cost:			
Amortization included in net periodic benefit costs	(4)	1	(3)
Total recognized in OCI	$ 4	$ —	$ 4

Huntington has a defined contribution plan that is available to eligible employees. Huntington's expense related to the defined contribution plans for the years ended December 31, 2020, 2019, and 2018 was $47 million, $51 million, and $46 million, respectively.

The following table shows the number of shares, market value, and dividends received on shares of Huntington stock held by the defined contribution plan:

	December 31,	
(dollar amounts in millions, share amounts in thousands)	2020	2019
Shares in Huntington common stock	10,121	10,334
Market value of Huntington common stock	$ 128	$ 156
Dividends received on shares of Huntington stock	6	6

19. INCOME TAXES

The following is a summary of the provision (benefit) for income taxes:

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Current tax provision (benefit)			
Federal	$ 236	$ 209	$ 152
State	12	16	20
Total current tax provision	248	225	172
Deferred tax provision (benefit)			
Federal	(103)	24	71
State	10	(1)	(8)
Total deferred tax provision	(93)	23	63
Provision for income taxes	$ 155	$ 248	$ 235

The following is a reconciliation for provision for income taxes:

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Provision for income taxes computed at the statutory rate	$ 204	$ 348	$ 342
Increases (decreases):			
General business credits	(99)	(88)	(80)
Capital loss	(25)	(62)	(60)
Tax-exempt income	(17)	(21)	(23)
Tax-exempt bank owned life insurance income	(13)	(14)	(14)
Affordable housing investment amortization, net of tax benefits	78	70	64
State income taxes, net	17	11	10
Stock based compensation	1	(5)	(14)
Impact from TCJA	—	—	(3)
Other	9	9	13
Provision for income taxes	$ 155	$ 248	$ 235

The significant components of deferred tax assets and liabilities at December 31, 2020 and 2019 were as follows:

	At December 31,	
(dollar amounts in millions)	2020	2019
Deferred tax assets:		
Allowances for credit losses	$ 448	$ 184
Net operating and other loss carryforward	128	99
Lease liability	54	47
Purchase accounting and other intangibles	30	33
Pension and other employee benefits	10	12
Fair value adjustments	—	77
Other assets	5	11
Total deferred tax assets	675	463
Deferred tax liabilities:		
Lease financing	409	359
Loan origination costs	137	119
Operating assets	85	74
Fair value adjustments	55	—
Right-of-use asset	46	41
Mortgage servicing rights	43	36
Other liabilities	23	11
Total deferred tax liabilities	798	640
Net deferred tax liability before valuation allowance	(123)	(177)
Valuation allowance	(11)	(6)
Net deferred tax liability	$ (134)	$ (183)

At December 31, 2020, Huntington's net deferred tax asset related to net operating loss and other carryforwards was $128 million. This was comprised of federal net operating loss carryforwards of $45 million, which will begin expiring in 2029, $39 million of state net operating loss carryforwards, which will begin expiring in 2021, and a capital loss carryforward of $42 million, which will begin expiring in 2022.

The Company has established a valuation allowance on its state deferred tax assets as it believes it is more likely than not, portions will not be realized.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and city jurisdictions. Federal income tax audits have been completed for tax years through 2009. In 2019, the 2010 and 2011 audits were submitted to the Congressional Joint Committee on Taxation of the U.S. Congress for approval. During the 2020 third quarter, the Joint Committee referred the audit back to the IRS exam team for reconsideration. This action led to the re-characterization of the audit resolution from a settlement to an uncertain tax position. While the statute of limitations remains open for tax years 2012 through 2019, the IRS has advised that tax years 2012 through 2014 will not be audited and is currently examining the 2015 and 2016 federal income tax returns. Also, with few exceptions, the Company is no longer subject to state and local income tax examinations for tax years before 2016.

The following table provides a reconciliation of the beginning and ending amounts of gross unrecognized tax benefits:

(dollar amounts in millions)	2020	2019
Unrecognized tax benefits at beginning of year	$ —	$ —
Gross increases for tax positions taken during prior years	46	—
Unrecognized tax benefits at end of year	$ 46	$ —

Due to the complexities of some of these uncertainties, the ultimate resolution may result in a liability that is materially different from the current estimate of the tax liabilities. We do not currently anticipate that the amount of unrecognized tax benefits will significantly change over the next 12 months.

Any interest and penalties on income tax assessments or income tax refunds are recognized in the Consolidated Statements of Income as a component of provision for income taxes. The amounts of accrued tax-related interest and penalties were immaterial at December 31, 2020 and 2019. Further, the amount of net interest and penalties related to unrecognized tax benefits was immaterial for all periods presented. All of the gross unrecognized tax benefits would impact the Company's effective tax rate if recognized.

At December 31, 2020, retained earnings included approximately $12 million of base year reserves of acquired thrift institutions, for which no deferred federal income tax liability has been recognized. Under current law, if these bad debt reserves are used for purposes other than to absorb bad debt losses, they will be subject to federal income tax at the corporate tax rate enacted at the time. The amount of unrecognized deferred tax liability relating to the cumulative bad debt deduction was approximately $3 million at December 31, 2020.

20. FAIR VALUES OF ASSETS AND LIABILITIES

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

Loans held for sale

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

Loans held for investment

Certain mortgage loans originated with the intent to sell for which the FVO was elected have been reclassified to mortgage loans held for investment. These loans continue to be measured at fair value. The fair value is determined using fair value of similar mortgage-backed securities adjusted for loan specific variables.

Huntington elected the fair value option for certain consumer loans with deteriorated credit quality. These consumer loans are classified as Level 3. The key assumption used to determine the fair value of the consumer loans is discounted cash flows.

Available-for-sale securities and trading account securities

Securities accounted for at fair value include both the available-for-sale and trading portfolios. Huntington determines the fair value of securities utilizing quoted market prices obtained for identical or similar assets, third-party pricing services, third-party valuation specialists and other observable inputs such as recent trade observations. AFS and trading securities classified as Level 1 use quoted market prices (unadjusted) in active markets for identical securities at the measurement date. Less than 1% of the positions in these portfolios are Level 1, and consist of U.S. Treasury securities and money market mutual funds. When quoted market prices are not available, fair values are classified as Level 2 using quoted prices for similar assets in active markets, quoted prices of identical or similar assets in markets that are not active, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 represents 82% of the positions in these portfolios, which consists of U.S. Government and agency debt securities, agency mortgage backed securities, private-label asset-backed securities, certain municipal securities and other securities. For Level 2 securities Huntington primarily uses prices obtained from third-party pricing services to determine the fair value of securities. Huntington independently evaluates and corroborates the fair value received from pricing services through various methods and techniques, including references to dealer or other market quotes, by reviewing valuations of comparable instruments, and by comparing the prices realized on the sale of similar securities. If relevant market prices are limited or unavailable, valuations may require significant management judgment or estimation to determine fair value, in which case the fair values are classified as Level 3, which represent 18% of the positions. The Level 3 positions predominantly consist of direct purchase municipal securities. A significant change in the unobservable inputs for these securities may result in a significant change in the ending fair value measurement of these securities.

The direct purchase municipal securities are classified as Level 3 and require significant estimates to determine fair value which results in greater subjectivity. The fair value is determined by utilizing a discounted cash flow valuation technique employed by a third-party valuation specialist. The third-party specialist uses assumptions related to yield, prepayment speed, conditional default rates and loss severity based on certain factors such as, credit worthiness of the counterparty, prevailing market rates, and analysis of similar securities. Huntington evaluates the fair values provided by the third-party specialist for reasonableness.

Derivative assets and liabilities

Derivatives classified as Level 2 consist of foreign exchange and commodity contracts, which are valued using exchange traded swaps and futures market data. In addition, Level 2 includes interest rate contracts, which are valued using a discounted cash flow method that incorporates current market interest rates. Level 2 also includes exchange traded options and forward commitments to deliver mortgage-backed securities, which are valued using quoted prices.

Derivatives classified as Level 3 consist of interest rate lock agreements related to mortgage loan commitments and the Visa® share swap. The determination of fair value of the interest rate locks includes assumptions related to the likelihood that a commitment will ultimately result in a closed loan, which is a significant unobservable assumption. A significant increase or decrease in the external market price would result in a significantly higher or lower fair value measurement.

Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019 are summarized below:

	Fair Value Measurements at Reporting Date Using				
(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2020
Assets					
Trading account securities:					
Municipal securities	$ —	$ 62	$ —	$ —	$ 62
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	3,666	—	—	3,666
Residential MBS	—	7,935	—	—	7,935
Commercial MBS	—	1,163	—	—	1,163
Other agencies	—	62	—	—	62
Municipal securities	—	53	2,951	—	3,004
Private-label CMO	—	—	9	—	9
Asset-backed securities	—	182	10	—	192
Corporate debt	—	445	—	—	445
Other securities/sovereign debt	—	4	—	—	4
	5	13,510	2,970	—	16,485
Other securities	59	—	—	—	59
Loans held for sale	—	1,198	—	—	1,198
Loans held for investment	—	71	23	—	94
MSRs	—	—	210	—	210
Derivative assets	—	1,903	43	(889)	1,057
Liabilities					
Derivative liabilities	—	1,031	2	(917)	116

(dollar amounts in millions)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2019
Assets					
Trading account securities:					
Federal agencies: Other agencies	$ —	$ 4	$ —	$ —	$ 4
Municipal securities	—	63	—	—	63
Other securities	30	2	—	—	32
	30	69	—	—	99
Available-for-sale securities:					
U.S. Treasury securities	10	—	—	—	10
Residential CMOs	—	5,085	—	—	5,085
Residential MBS	—	4,222	—	—	4,222
Commercial MBS	—	976	—	—	976
Other agencies	—	165	—	—	165
Municipal securities	—	56	2,999	—	3,055
Private-label CMO	—	—	2	—	2
Asset-backed securities	—	531	48	—	579
Corporate debt	—	51	—	—	51
Other securities/sovereign debt	—	4	—	—	4
	10	11,090	3,049	—	14,149
Other securities	54	—	—	—	54
Loans held for sale	—	781	—	—	781
Loans held for investment	—	55	26	—	81
MSRs	—	—	7	—	7
Derivative assets	—	848	8	(404)	452
Liabilities					
Derivative liabilities	—	519	2	(417)	104

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

The tables below present a rollforward of the balance sheet amounts for the years ended December 31, 2020, 2019, and 2018 for financial instruments measured on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 measurements may also include observable components of value that can be validated externally. Accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology.

	Level 3 Fair Value Measurements Year Ended December 31, 2020					
			Available-for-sale securities			
(dollar amounts in millions)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Loans held for investment
Opening balance	$ 7	$ 6	$ 2,999	$ 2	$ 48	$ 26
Fair value election for serving assets previously measured using the amortized method	205	—	—		—	—
Transfers out of Level 3 (1)	—	(198)	—	—	—	—
Total gains/losses for the period:						
Included in earnings	(104)	233	(2)	—	—	—
Included in OCI	—	—	65	—	—	—
Purchases/originations	102	—	623	7	28	—
Repayments	—	—	—	—	—	(3)
Settlements	—	—	(734)	—	(66)	—
Closing balance	$ 210	$ 41	$ 2,951	$ 9	$ 10	$ 23
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ (104)	$ 34	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	$ —	$ —	$ 68	$ —	$ —	$ —

	Level 3 Fair Value Measurements Year Ended December 31, 2019					
			Available-for-sale securities			
(dollar amounts in millions)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Loans held for investment
Opening balance	$ 10	$ 2	$ 3,165	$ —	$ —	$ 30
Transfers out of Level 3 (1)	—	(62)	—	—	—	—
Total gains/losses for the period:						
Included in earnings	(3)	66	(1)	—	—	1
Included in OCI	—	—	77	—	—	—
Purchases/originations	—	—	254	2	55	—
Repayments	—	—	—	—	—	(5)
Settlements	—	—	(496)	—	(7)	—
Closing balance	$ 7	$ 6	$ 2,999	$ 2	$ 48	$ 26
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	$ (3)	$ 3	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	$ —	$ —	$ 74	$ —	$ —	$ —

(dollar amounts in millions)	Level 3 Fair Value Measurements Year Ended December 31, 2018				
			Available-for-sale securities		
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Opening balance	$ 11	$ (1)	$ 3,167	$ 24	$ 38
Transfers out of Level 3 (1)	—	(35)	—	—	—
Total gains/losses for the period:					
Included in earnings	(1)	35	(3)	(2)	—
Included in OCI	—	—	(52)	11	—
Purchases/originations	—	—	658	—	—
Sales	—	—	—	(33)	—
Repayments	—	—	—	—	(8)
Settlements	—	3	(605)	—	—
Closing balance	$ 10	$ 2	$ 3,165	$ —	$ 30
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	$ (1)	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	$ —	$ —	$ (52)	$ —	$ —

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

The tables below summarize the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the years ended December 31, 2020, 2019, and 2018:

(dollar amounts in millions)	Level 3 Fair Value Measurements Year Ended December 31, 2020		
			Available-for-sale securities
	MSRs	Derivative instruments	Municipal securities
Classification of gains and losses in earnings:			
Mortgage banking income	$ (104)	$ 233	$ —
Interest and fee income	—	—	(2)
Total	$ (104)	$ 233	$ (2)

(dollar amounts in millions)	Level 3 Fair Value Measurements Year Ended December 31, 2019			
			Available-for-sale securities	
	MSRs	Derivative instruments	Municipal securities	Loans held for investment
Classification of gains and losses in earnings:				
Mortgage banking income	$ (3)	$ 66	$ —	$ —
Interest and fee income	—	—	(1)	1
Total	$ (3)	$ 66	$ (1)	$ 1

(dollar amounts in millions)	Level 3 Fair Value Measurements Year Ended December 31, 2018			
			Available-for-sale securities	
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities
Classification of gains and losses in earnings:				
Mortgage banking income (loss)	$ (1)	$ 35	$ —	$ —
Securities gains (losses)	—	—	—	(2)
Interest and fee income	—	—	(3)	—
Total	$ (1)	$ 35	$ (3)	$ (2)

Assets and liabilities under the fair value option

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

	December 31, 2020					
	Total Loans			Loans that are 90 or more days past due		
(dollar amounts in millions)	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Assets						
Loans held for sale	$ 1,198	$ 1,134	$ 64	$ 2	$ 2	$ —
Loans held for investment	94	99	(5)	7	8	(1)

	December 31, 2019					
	Total Loans			Loans that are 90 or more days past due		
(dollar amounts in millions)	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Assets						
Loans held for sale	$ 781	$ 755	$ 26	$ 2	$ 2	$ —
Loans held for investment	81	87	$ (6)	3	4	(1)

The following tables present the net gains from fair value changes for the years ended December 31, 2020, 2019, and 2018:

	Net gains (losses) from fair value changes Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Assets			
Loans held for sale (1)	$ 38	$ 7	$ 5
Loans held for investment	1	1	—

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

Assets and Liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities may be required to be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. The amounts presented represent the fair value on the various measurement dates throughout the period. The gains(losses) represent the amounts recorded during the period regardless of whether the asset is still held at period end.

The amounts measured at fair value on a nonrecurring basis at December 31, 2020 were as follows:

		Fair Value Measurements Using			
(dollar amounts in millions)	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Gains/(Losses) Year Ended December 31, 2020
Collateral-dependent loans	$ 144	$ —	$ —	$ 144	$ (43)
Loans held for sale	124	—	—	124	(63)

Huntington records nonrecurring adjustments of collateral-dependent loans held for investment. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Appraisals are generally obtained to support the fair value of the collateral and incorporate measures such as recent sales prices for comparable properties and cost of construction. Periodically, in cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized in the form of a charge-off.

Loans held for sale are measured at lower of cost or fair value less costs to sell. The fair value of loans held for sale is based on binding or non-binding bids for the respective loans or similar loans.

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

The table below presents quantitative information about the significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis at December 31, 2020 and 2019:

	Quantitative Information about Level 3 Fair Value Measurements at December 31, 2020 (1)				
(dollar amounts in millions)	Fair Value	Valuation Technique	Significant Unobservable Input	Range	Weighted Average
Measured at fair value on a recurring basis:					
MSRs	$ 210	Discounted cash flow	Constant prepayment rate	8 % - 24 %	17 %
			Spread over forward interest rate swap rates	4 % - 11 %	5 %
Derivative assets	43	Consensus Pricing	Net market price	(4)% - 11 %	3 %
			Estimated Pull through %	1 % - 100 %	88 %
Municipal securities	2,951	Discounted cash flow	Discount rate	— % - 1 %	1 %
Asset-backed securities	10		Cumulative default	— % - 39 %	4 %
			Loss given default	5 % - 80 %	25 %
Measured at fair value on a nonrecurring basis:					
Collateral-dependent loans	144	Appraisal value	NA		NA

	Quantitative Information about Level 3 Fair Value Measurements at December 31, 2019 (1)				
(dollar amounts in millions)	Fair Value	Valuation Technique	Significant Unobservable Input	Range	Weighted Average
Measured at fair value on a recurring basis:					
MSRs	$ 7	Discounted cash flow	Constant prepayment rate	— % - 26 %	8 %
			Spread over forward interest rate swap rates	5 % - 11 %	8 %
Derivative assets	8	Consensus Pricing	Net market price	(2)% - 11 %	2 %
			Estimated Pull through %	2 % - 100 %	91 %
Municipal securities	2,999	Discounted cash flow	Discount rate	2 % - 3 %	2 %
Asset-backed securities	48		Cumulative default	— % - 39 %	4 %
			Loss given default	5 % - 80 %	24 %
Measured at fair value on a nonrecurring basis:					
MSRs	206	Discounted cash flow	Constant prepayment rate	10 % 31 %	12 %
			Spread over forward interest rate swap rates	5 % 11 %	9 %
Impaired loans	26	Appraisal value	NA		NA

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

The following provides a general description of the impact of a change in an unobservable input on the fair value measurement and the interrelationship between unobservable inputs, where relevant/significant. Interrelationships may also exist between observable and unobservable inputs.

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

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

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

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Fair values of financial instruments

The following table provides the carrying amounts and estimated fair values of Huntington's financial instruments at December 31, 2020 and December 31, 2019:

	December 31, 2020				
(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and short-term assets	$ 6,712	$ —	$ —	$ 6,712	$ 6,712
Trading account securities	—	—	62	62	62
Available-for-sale securities	—	—	16,485	16,485	16,485
Held-to-maturity securities	8,861	—	—	8,861	9,255
Other securities	359	—	59	418	418
Loans held for sale	—	77	1,198	1,275	1,275
Net loans and leases (1)	79,700	—	94	79,794	80,477
Derivative assets	—	—	1,057	1,057	1,057
Financial Liabilities					
Deposits	98,948	—	—	98,948	99,021
Short-term borrowings	183	—	—	183	183
Long-term debt	8,352	—	—	8,352	8,568
Derivative liabilities	—	—	116	116	116

	December 31, 2019				
(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and short-term assets	$ 1,272	$ —	$ —	$ 1,272	$ 1,272
Trading account securities	—	—	99	99	99
Available-for-sale securities	—	—	14,149	14,149	14,149
Held-to-maturity securities	9,070	—	—	9,070	9,186
Other securities	387	—	54	441	441
Loans held for sale	—	96	781	877	879
Net loans and leases (1)	74,540	—	81	74,621	75,177
Derivative assets	—	—	452	452	452
Financial Liabilities					
Deposits	82,347	—	—	82,347	82,344
Short-term borrowings	2,606	—	—	2,606	2,606
Long-term debt	9,849	—	—	9,849	10,075
Derivative liabilities	—	—	104	104	104

(1) Includes collateral-dependent loans.

The following table presents the level in the fair value hierarchy for the estimated fair values at December 31, 2020 and December 31, 2019:

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2020
Financial Assets					
Trading account securities	$ —	$ 62	$ —		$ 62
Available-for-sale securities	5	13,510	2,970		16,485
Held-to-maturity securities	—	9,255	—		9,255
Other securities (2)	59	—	—		59
Loans held for sale	—	1,198	77		1,275
Net loans and direct financing leases	—	71	80,406		80,477
Derivative assets	—	1,903	43	(889)	1,057
Financial Liabilities					
Deposits	—	96,656	2,365		99,021
Short-term borrowings	—	183	—		183
Long-term debt	—	7,999	569		8,568
Derivative liabilities	—	1,031	2	(917)	116

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2019
Financial Assets					
Trading account securities	$ 30	$ 69	$ —		$ 99
Available-for-sale securities	10	11,090	3,049		14,149
Held-to-maturity securities	—	9,186	—		9,186
Other securities (2)	54	—	—		54
Loans held for sale	—	781	98		879
Net loans and direct financing leases	—	55	75,122		75,177
Derivative assets	—	848	8	(404)	452
Financial Liabilities					
Deposits	—	76,790	5,554		82,344
Short-term borrowings	—	—	2,606		2,606
Long-term debt	—	9,439	636		10,075
Derivative liabilities	—	519	2	(417)	104

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions and cash collateral held or placed with the same counterparties.
(2) Excludes securities without readily determinable fair values.

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

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

21. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

The following table presents the fair values and notional values of all derivative instruments included in the Consolidated Balance Sheets at December 31, 2020 and December 31, 2019. Amounts in the table below are presented gross without the impact of any net collateral arrangements.

	December 31, 2020			December 31, 2019		
(dollar amounts in millions)	Notional Value	Asset	Liability	Notional Value	Asset	Liability
Derivatives designated as Hedging Instruments						
Interest rate contracts	$ 27,056	$ 719	$ 51	$ 25,927	$ 256	$ 36
Derivatives not designated as Hedging Instruments						
Interest rate contracts	44,495	1,074	828	27,614	420	314
Foreign exchange contracts	2,718	46	47	2,173	19	18
Commodities contracts	1,952	107	103	3,020	155	152
Equity contracts	517	—	4	427	6	1
Total Contracts	$ 76,738	$ 1,946	$ 1,033	$ 59,161	$ 856	$ 521

The following table presents the amount of gain or loss recognized in income for derivatives not designated as hedging instruments under ASC Subtopic 815-10 in the Consolidated Income Statement for the years ended December 31, 2020 and 2019.

		Year Ended December 31,		
(dollar amounts in millions)	Location of Gain or (Loss) Recognized in Income on Derivative	2020	2019	2018
Interest rate contracts:				
Customer	Capital markets fees	$ 47	$ 49	$ 41
Mortgage Banking	Mortgage banking income	52	37	(19)
Interest rate floors	Interest and fee income on loans and leases	(2)	4	—
Interest rate caps	Interest expense on long-term debt	5	—	—
Foreign exchange contracts	Capital markets fees	27	28	27
Commodities contracts	Capital markets fees	4	(2)	6
Equity contracts	Other noninterest expense	(4)	(4)	4
Total		$ 129	$ 112	$ 59

Derivatives used in asset and liability management activities

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

The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at December 31, 2020 and December 31, 2019, identified by the underlying interest rate-sensitive instruments:

	December 31, 2020			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ 3,484	$ —	$ —	$ 3,484
Loans	—	17,375	1,271	18,646
Long-term debt	6,197	—	5,000	11,197
Total notional value at December 31, 2020	$ 9,681	$ 17,375	$ 6,271	$ 33,327

	December 31, 2019			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ —	$ 12	$ —	$ 12
Loans	—	18,375	—	18,375
Long-term debt	7,540	—	—	7,540
Total notional value at December 31, 2019	$ 7,540	$ 18,387	$ —	$ 25,927

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. Net amounts receivable or payable on contracts hedging either interest earning assets or interest bearing liabilities were accrued as an adjustment to either interest income or interest expense. Also, recorded as an adjustment to interest income were the amounts related to amortization of floor and forward-starting floor premiums that were excluded from the hedge effectiveness, changes in the fair value of economic hedges, as well as the amounts related to terminated hedges reclassified from AOCI. The net amounts resulted in an increase (decrease) to net interest income of $239 million, $(53) million, and $(36) million for the years ended December 31, 2020, 2019, and 2018, respectively.

Fair Value Hedges

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

Huntington has designated $3.1 billion of interest rate swaps as fair value hedges of fixed-rate investment securities using the last-of-layer method. This approach allows the Company to designate as the hedged item a stated amount of the assets that are not expected to be affected by prepayments, defaults and other factors affecting the timing and amount of cash flows. The fair value basis adjustment on our hedged mortgage-backed securities is included in available-for-sale securities on the Consolidated Statements of Financial Condition.

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for the years ended December 31, 2020 and 2019:

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Interest rate contracts			
Change in fair value of interest rate swaps hedging investment securities (1)	$ 6	$ —	$ —
Change in fair value of hedged investment securities (1)	3	—	—
Change in fair value of interest rate swaps hedging long-term debt (2)	113	127	112
Change in fair value of hedged long term debt (2)	(118)	(125)	(104)

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

As of December 31, 2020, the following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges.

	Amortized Cost		Cumulative Amount of Fair Value Hedging Adjustment To Hedged Items	
	At December 31,		At December 31,	
(dollar amounts in millions)	2020	2019	2020	2019
Assets				
Investment securities (1)	$ 6,637	$ —	$ 3	$ —
Liabilities				
Long-term debt	6,383	7,578	232	114

(1) Amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. As of December 31, 2020, the amortized cost basis of the closed portfolios used in these hedging relationships was $6.2 billion, the cumulative basis adjustments associated with these hedging relationships was $2 million, and the amounts of the designated hedged items were $3.1 billion.

The cumulative amount of fair value hedging adjustments remaining for any hedged assets and liabilities for which hedge accounting has been discontinued is $(62) million at December 31, 2020 and $(93) million at December 31, 2019.

Cash Flow Hedges

At December 31, 2020, Huntington has $17.4 billion of interest rate floors, floor spreads, and swaps. These are designated as cash flow hedges for variable rate commercial loans indexed to LIBOR. The change in the fair value of a derivative instrument designated as a cash flow hedge is initially recognized in OCI and is reclassified into income when the hedged item impacts earnings. The initial premium paid for the interest rate floor contracts represents the time value of the contracts and is not included in the measurement of hedge effectiveness. Any change in fair value related to time value is recognized in OCI. The initial premium paid is amortized on a straight line basis as a reduction to interest income over the contractual life of these contracts.

Gains on interest rate floors, floor spreads, and swaps recognized in other comprehensive income were $234 million and $23 million for the years ended December 31, 2020 and 2019, respectively. No gains were recognized for the year ended December 31, 2018. At December 31, 2020, the net gains recognized in AOCI that are expected to be reclassified into earnings within the next 12 months were $37 million.

Derivatives used in mortgage banking activities

Mortgage loan origination hedging activity

Huntington’s mortgage origination hedging activity is related to economically hedging of Huntington’s mortgage pricing commitments to customers and the secondary sale to third parties. The value of a newly originated mortgage is not firm until the interest rate is committed or locked. Forward commitments to sell economically hedge the possible loss on interest rate lock commitments due to interest rate change. The net asset position of these derivatives at December 31, 2020 and December 31, 2019 are $26 million and $6 million, respectively. At December 31, 2020 and 2019, Huntington had commitments to sell residential real estate loans of $2.9 billion and $1.4 billion, respectively. These contracts mature in less than one year.

MSR hedging activity

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

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

MSR hedging activity	At December 31,	
(dollar amounts in millions)	2020	2019
Notional value	$ 1,170	$ 778
Trading assets	43	19

	Year December 31,		
(dollar amounts in millions)	2020	2019	2018
Trading gains (losses)	$ 52	$ 30	$ (8)

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

Derivatives used in customer related activities

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

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

The net fair values of these derivative financial instruments, for which the gross amounts are included in other assets or other liabilities at December 31, 2020 and December 31, 2019, were $70 million and $87 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $37 billion and $30 billion at December 31, 2020 and December 31, 2019, respectively. Huntington's credit risk from customer derivatives was $882 million and $407 million at the same dates, respectively.

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

Huntington records derivatives at fair value as further described in Note 20 - "Fair Values of Assets and Liabilities".

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

Huntington enters into transactions with broker-dealers and banks for various risk management purposes. These types of transactions generally are high dollar volume. Huntington enters into collateral and master netting agreements with these counterparties, and routinely exchanges cash and high quality securities collateral.

Huntington enters into transactions with customers to meet their financing, investing, payment and risk management needs. These types of transactions generally are low dollar volume. Huntington enters into master netting agreements with customer counterparties, however collateral is generally not exchanged with customer counterparties.

In addition to the customer derivative credit exposure, aggregate credit risk associated with broker-dealer and bank derivative transactions, net of collateral that has been pledged by the counterparty, was $175 million and $22 million at December 31, 2020 and December 31, 2019, respectively. The credit risk associated with derivatives is calculated after considering master netting agreements.

At December 31, 2020, Huntington pledged $276 million of investment securities and cash collateral to counterparties, while other counterparties pledged $387 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington would not be required to provide additional collateral.

The following tables present the gross amounts of these assets and liabilities with any offsets to arrive at the net amounts recognized in the Consolidated Balance Sheets at December 31, 2020 and December 31, 2019:

Offsetting of Financial Assets and Derivative Assets

					Gross amounts not offset in the consolidated balance sheets		
(dollar amounts in millions)		Gross amounts of recognized assets	Gross amounts offset in the consolidated balance sheets	Net amounts of assets presented in the consolidated balance sheets	Financial instruments	Cash collateral received	Net amount
December 31, 2020	Derivatives	$ 1,946	$ (889)	$ 1,057	$ (112)	$ (142)	$ 803
December 31, 2019	Derivatives	856	(404)	452	(65)	(29)	358

Offsetting of Financial Liabilities and Derivative Liabilities

					Gross amounts not offset in the consolidated balance sheets		
(dollar amounts in millions)		Gross amounts of recognized liabilities	Gross amounts offset in the consolidated balance sheets	Net amounts of liabilities presented in the consolidated balance sheets	Financial instruments	Cash collateral delivered	Net amount
December 31, 2020	Derivatives	$ 1,033	$ (917)	$ 116	$ (9)	$ (105)	$ 2
December 31, 2019	Derivatives	521	(417)	104	—	(75)	29

22. VIEs

Unconsolidated VIEs

The following tables provide a summary of the assets and liabilities included in Huntington's Consolidated Financial Statements, as well as the maximum exposure to losses, associated with its interests related to unconsolidated VIEs for which Huntington holds an interest in, but is not the primary beneficiary of, the VIE at December 31, 2020, and 2019:

	December 31, 2020		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Trust Preferred Securities	$ 14	$ 252	$ —
Affordable Housing Tax Credit Partnerships	956	500	956
Other Investments	308	72	308
Total	$ 1,278	$ 824	$ 1,264

	December 31, 2019		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Trust Preferred Securities	$ 14	$ 252	$ —
Affordable Housing Tax Credit Partnerships	727	332	727
Other Investments	179	63	179
Total	$ 920	$ 647	$ 906

Trust-Preferred Securities

Huntington has certain consolidated trusts whose assets, liabilities, equity, income, and expenses are not included within Huntington's Consolidated Financial Statements. These trusts have been formed for the sole purpose of issuing trust-preferred securities, from which the proceeds are then invested in Huntington junior subordinated debentures, which are reflected in Huntington's Consolidated Balance Sheet as long-term debt. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington's Consolidated Financial Statements.

A list of trust-preferred securities outstanding at December 31, 2020 follows:

(dollar amounts in millions)	Rate		Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	0.94 %	(2)	$ 70	$ 6
Huntington Capital II	0.86	(3)	32	3
Sky Financial Capital Trust III	1.64	(4)	72	2
Sky Financial Capital Trust IV	1.64	(4)	74	2
Camco Financial Trust	1.57	(5)	4	1
Total			$ 252	$ 14

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at December 31, 2020, based on three-month LIBOR + 0.70%.
(3) Variable effective rate at December 31, 2020, based on three-month LIBOR + 0.625%.
(4) Variable effective rate at December 31, 2020, based on three-month LIBOR + 1.40%.
(5) Variable effective rate at December 31, 2020, based on three month LIBOR + 1.33%.

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

Affordable Housing Tax Credit Partnerships

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

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

The following table presents the balances of Huntington's affordable housing tax credit investments and related unfunded commitments at December 31, 2020 and 2019.

(dollar amounts in millions)	December 31, 2020	December 31, 2019
Affordable housing tax credit investments	$ 1,568	$ 1,242
Less: amortization	(612)	(515)
Net affordable housing tax credit investments	$ 956	$ 727
Unfunded commitments	$ 500	$ 332

The following table presents other information relating to Huntington's affordable housing tax credit investments for the years ended December 31, 2020, 2019, and 2018:

	Year Ended December 31,		
(dollar amounts in millions)	2020	2019	2018
Tax credits and other tax benefits recognized	$ 113	$ 98	$ 92
Proportional amortization expense included in provision for income taxes	97	84	79

Other Investments

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

23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Consolidated Financial Statements. The contract amounts of these financial agreements at December 31, 2020, and December 31, 2019 were as follows:

	At December 31,	
(dollar amounts in millions)	2020	2019
Contract amount representing credit risk		
Commitments to extend credit:		
Commercial	$ 20,701	$ 18,326
Consumer	14,808	14,831
Commercial real estate	1,313	1,364
Standby letters of credit	581	587
Commercial letters of credit	21	8

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

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third-party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years. The carrying amount of deferred revenue associated with these guarantees was $5 million and $8 million at December 31, 2020 and December 31, 2019, respectively.

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

Litigation and Regulatory Matters

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

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

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

For certain matters, Huntington is able to estimate a range of possible loss. In cases in which Huntington possesses information to estimate a range of possible loss, that estimate is aggregated and disclosed below. There may be other matters for which a loss is probable or reasonably possible but such an estimate of the range of possible loss may not be possible. For those matters where an estimate of the range of possible loss is possible, management currently estimates the aggregate range of reasonably possible loss is $0 to $10 million at December 31, 2020 in excess of the accrued liability (if any) related to those matters. This estimated range of possible loss is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. The estimated range of possible loss does not represent Huntington's maximum loss exposure.

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

24. OTHER REGULATORY MATTERS

Huntington and the Bank are subject to certain risk-based capital and leverage ratio requirements under the U.S. Basel III capital rules adopted by the Federal Reserve, for Huntington, and by the OCC, for the Bank. These rules implement the Basel III international regulatory capital standards in the United States, as well as certain provisions of the Dodd-Frank Act. These quantitative calculations are minimums, and the Federal Reserve and OCC may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner.

Under the U.S. Basel III capital rules, Huntington's and the Bank's assets, exposures and certain off-balance sheet items are subject to risk weights used to determine the institutions' risk-weighted assets. These risk-weighted assets are used to calculate the following minimum capital ratios for Huntington and the Bank:

CET1 Risk-Based Capital Ratio, equal to the ratio of CET1 capital to risk-weighted assets. CET1 capital primarily includes common shareholders' equity subject to certain regulatory adjustments and deductions, including with respect to goodwill, intangible assets, certain deferred tax assets, and AOCI.

Tier 1 Risk-Based Capital Ratio, equal to the ratio of Tier 1 capital to risk-weighted assets. Tier 1 capital is primarily comprised of CET1 capital, perpetual preferred stock and certain qualifying capital instruments.

Total Risk-Based Capital Ratio, equal to the ratio of total capital, including CET1 capital, Tier 1 capital and Tier 2 capital, to risk-weighted assets. Tier 2 capital primarily includes qualifying subordinated debt and qualifying ALLL. Tier 2 capital also includes, among other things, certain trust preferred securities.

Tier 1 Leverage Ratio, equal to the ratio of Tier 1 capital to quarterly average assets (net of goodwill, certain other intangible assets and certain other deductions).

The total minimum regulatory capital ratios and well-capitalized minimum ratios are reflected on the following page.

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on our operations or financial condition. Failure to be well-capitalized or to meet minimum capital requirements could also result in restrictions on Huntington’s or the Bank’s ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications.

In addition to meeting the minimum capital requirements, under the U.S. Basel III capital rules Huntington and the Bank must also maintain the required stress capital buffer and Capital Conservation Buffer, respectively, to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. The Capital Conservation Buffer is calculated as a ratio of CET1 capital to risk-weighted assets, and it effectively increases the required minimum risk-based capital ratios. In March 2020, the Federal Reserve replaced the existing Capital Conservation Buffer with the stress capital buffer, which has been established as 2.5% for Huntington.

As of December 31, 2020, Huntington’s and the Bank’s regulatory capital ratios were above the well-capitalized standards and met the applicable stress capital buffer and the Capital Conservation Buffer, respectively. Please refer to the table below for a summary of Huntington’s and the Bank’s regulatory capital ratios as of December 31, 2020, calculated using the regulatory capital methodology applicable during 2020.

(dollar amounts in millions)		Minimum Regulatory Capital Ratios	Minimum Ratio+Capital Conservation Buffer (1)	Well-Capitalized Minimums	Basel III December 31, 2020 Ratio	2020 Amount	2019 Ratio	2019 Amount
CET 1 risk-based capital	Consolidated	4.50 %	7.00 %	N/A	10.00 %	$ 8,887	9.88 %	$ 8,647
	Bank	4.50	7.00	6.50 %	10.65	9,438	11.17	9,747
Tier 1 risk-based capital	Consolidated	6.00	8.50	6.00	12.47	11,083	11.26	9,854
	Bank	6.00	8.50	8.00	11.97	10,601	12.17	10,621
Total risk-based capital	Consolidated	8.00	10.50	10.00	14.46	12,856	13.04	11,413
	Bank	8.00	10.50	10.00	13.58	12,032	13.59	11,864
Tier 1 leverage	Consolidated	4.00	N/A	N/A	9.32	11,083	9.26	9,854
	Bank	4.00	N/A	5.00	8.94	10,601	10.01	10,621

(1) Reflects the stress capital buffer of 2.5% for Huntington and the Capital Conservation Buffer of 2.5% for the Bank.

Huntington and its subsidiaries are also subject to various regulatory requirements that impose restrictions on cash, debt, and dividends. The Bank is required to maintain cash reserves based on the level of certain of its deposits. This reserve requirement may be met by holding cash in banking offices or on deposit at the FRB. During 2020 and 2019, the average balances of these deposits were $3.9 billion and $0.6 billion, respectively.

Under current Federal Reserve regulations, the Bank is limited as to the amount and type of loans it may make to the parent company and nonbank subsidiaries. At December 31, 2020, the Bank could lend $1.2 billion to a single affiliate, subject to the qualifying collateral requirements defined in the regulations.

Dividends from the Bank are one of the major sources of funds for the Company. These funds aid the Company in the payment of dividends to shareholders, expenses, and other obligations. Payment of dividends and/or return of capital to the parent company is subject to various legal and regulatory limitations. During 2020, the Bank paid dividends of $1.5 billion to the holding company. Also, there are statutory and regulatory limitations on the ability of national banks to pay dividends or make other capital distributions.

25. PARENT-ONLY FINANCIAL STATEMENTS

The parent-only financial statements, which include transactions with subsidiaries, are as follows:

Balance Sheets

(dollar amounts in millions)	December 31, 2020	December 31, 2019
Assets		
Cash and due from banks	$ 4,466	$ 3,119
Due from The Huntington National Bank	297	47
Due from non-bank subsidiaries	37	34
Investment in The Huntington National Bank	12,509	12,833
Investment in non-bank subsidiaries	147	165
Accrued interest receivable and other assets	429	349
Total assets	$ 17,885	$ 16,547
Liabilities and shareholders' equity		
Long-term borrowings	$ 4,142	$ 4,095
Dividends payable, accrued expenses, and other liabilities	750	657
Total liabilities	4,892	4,752
Shareholders' equity (1)	12,993	11,795
Total liabilities and shareholders' equity	$ 17,885	$ 16,547

(1) See Consolidated Statements of Changes in Shareholders' Equity.

Statements of Income

(dollar amounts in millions)	Year Ended December 31, 2020	2019	2018
Income			
Dividends from:			
The Huntington National Bank	$ 1,527	$ 685	$ 1,722
Non-bank subsidiaries	36	3	—
Interest from:			
The Huntington National Bank	4	8	27
Non-bank subsidiaries	1	2	2
Other	11	2	(2)
Total income	1,579	700	1,749
Expense			
Personnel costs	17	6	2
Interest on borrowings	115	143	124
Other	123	145	118
Total expense	255	294	244
Income before income taxes and equity in undistributed net income of subsidiaries	1,324	406	1,505
Provision (benefit) for income taxes	(46)	(63)	(48)
Income before equity in undistributed net income of subsidiaries	1,370	469	1,553
Increase (decrease) in undistributed net income (loss) of:			
The Huntington National Bank	(547)	908	(186)
Non-bank subsidiaries	(6)	34	26
Net income	$ 817	$ 1,411	$ 1,393
Other comprehensive income (loss) (1)	448	353	(80)
Comprehensive income	$ 1,265	$ 1,764	$ 1,313

(1) See Consolidated Statements of Comprehensive Income for other comprehensive income (loss) detail.

Statements of Cash Flows

(dollar amounts in millions)	Year Ended December 31, 2020	2019	2018
Operating activities			
Net income	$ 817	$ 1,411	$ 1,393
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	553	(942)	197
Depreciation and amortization	—	(2)	(2)
Other, net	89	(19)	121
Net cash (used for) provided by operating activities	1,459	448	1,709
Investing activities			
Repayments from subsidiaries	8	701	21
Advances to subsidiaries	(256)	(11)	(13)
(Purchases)/Proceeds from sale of securities	(1)	(38)	—
Cash paid for acquisitions, net of cash received	—	—	(15)
Net cash (used for) provided by investing activities	(249)	652	(7)
Financing activities			
Net proceeds from issuance of medium-term notes	747	797	501
Payment of medium-term notes	—	—	(400)
Payment of long-term debt	(800)	—	—
Dividends paid on common and preferred stock	(698)	(671)	(584)
Repurchases of common stock	(92)	(441)	(939)
Net proceeds from issuance of preferred stock	988	—	495
Other, net	(8)	(18)	(41)
Net cash provided by (used for) financing activities	137	(333)	(968)
Increase (decrease) in cash and cash equivalents	1,347	767	734
Cash and cash equivalents at beginning of year	3,119	2,352	1,618
Cash and cash equivalents at end of year	$ 4,466	$ 3,119	$ 2,352
Supplemental disclosure:			
Interest paid	$ 113	$ 135	$ 126

26. SEGMENT REPORTING

Huntington's business segments are based on our internally-aligned segment leadership structure, which is how management monitors results and assesses performance. The Company has four major business segments: Consumer and Business Banking, Commercial Banking, Vehicle Finance, Regional Banking and The Huntington Private Client Group (RBHPCG). The Treasury / Other function includes technology and operations, other unallocated assets, liabilities, revenue, and expense.

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

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

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

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

Huntington uses an active and centralized FTP methodology to attribute appropriate net interest income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury / Other function where it can be centrally monitored and managed. The Treasury / Other function charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The FTP rate is based on prevailing market interest rates for comparable duration assets (or liabilities).

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

Commercial Banking - Through a relationship banking model, this segment provides a wide array of products and services to the middle market, large corporate, real estate and government public sector customers located primarily within our geographic footprint. The segment is divided into four business units: Relationship Banking Group, Specialized Lending Group, Treasury Management/Deposits Group and Capital Markets Group.

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

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

Listed in the table below is certain operating basis financial information reconciled to Huntington's December 31, 2020, December 31, 2019, and December 31, 2018, reported results by business segment:

Income Statements *(dollar amounts in millions)*	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
2020						
Net interest income	$ 1,436	$ 903	$ 430	$ 160	$ 295	$ 3,224
Provision (benefit) for credit losses	265	626	146	11	—	1,048
Noninterest income	945	364	9	201	72	1,591
Noninterest expense	1,774	542	141	243	95	2,795
Provision (benefit) for income taxes	72	21	32	22	8	155
Net income (loss)	$ 270	$ 78	$ 120	$ 85	$ 264	$ 817
2019						
Net interest income	$ 1,766	$ 1,037	$ 397	$ 198	$ (185)	$ 3,213
Provision (benefit) for credit losses	114	132	44	(3)	—	287
Noninterest income	825	359	12	198	60	1,454
Noninterest expense	1,673	564	148	256	80	2,721
Provision (benefit) for income taxes	169	147	45	30	(143)	248
Net income (loss)	$ 635	$ 553	$ 172	$ 113	$ (62)	$ 1,411
2018						
Net interest income	$ 1,727	$ 1,013	$ 392	$ 203	$ (146)	$ 3,189
Provision (benefit) for credit losses	137	42	55	1	—	235
Noninterest income	744	321	11	193	52	1,321
Noninterest expense	1,699	502	143	244	59	2,647
Provision (benefit) for income taxes	133	166	43	32	(139)	235
Net income (loss)	$ 502	$ 624	$ 162	$ 119	$ (14)	$ 1,393

	Assets at December 31,		Deposits at December 31,	
(dollar amounts in millions)	2020	2019	2020	2019
Consumer & Business Banking	$ 30,758	$ 25,073	$ 60,910	$ 51,675
Commercial Banking	36,311	34,337	24,766	20,762
Vehicle Finance	19,789	20,155	722	376
RBHPCG	7,064	6,665	7,635	6,370
Treasury / Other	29,116	22,772	4,915	3,164
Total	$ 123,038	$ 109,002	$ 98,948	$ 82,347

Item 9: Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A: Controls and Procedures

Disclosure Controls and Procedures

Huntington maintains disclosure controls and procedures designed to ensure that the information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act), are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Huntington's Management, with the participation of its Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Huntington's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2020. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2020, Huntington's disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

Information required by this item is set forth in the Report of Management's Assessment of Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Item 9B: Other Information

Not applicable.

PART III

We refer in Part III of this report to relevant sections of our 2021 Proxy Statement for the 2021 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days of the close of our 2020 fiscal year. Portions of our 2021 Proxy Statement, including the sections we refer to in this report, are incorporated by reference into this report.

Item 10: Directors, Executive Officers and Corporate Governance

Information required by this item is set forth under the captions Election of Directors, Corporate Governance, Our Executive Officers, Board Meetings and Committee Information, Report of the Audit Committee, and Section 16(a) Beneficial Ownership Reporting Compliance of our 2021 Proxy Statement, which is incorporated by reference into this item.

Item 11: Executive Compensation

Information required by this item is set forth under the captions Compensation of Executive Officers of our 2021 Proxy Statement, which is incorporated by reference into this item.

Item 12: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is set forth under the captions Compensation of Executive Officers of our 2021 Proxy Statement, which is incorporated by reference into this item.

Item 13: Certain Relationships and Related Transactions, and Director Independence

Information required by this item is set forth under the captions Independence of Directors and Review, Approval or Ratification of Transactions with Related Persons of our 2021 Proxy Statement, which are incorporated by reference into this item.

Item 14: Principal Accounting Fees and Services

Information required by this item is set forth under the caption Proposal to Ratify the Appointment of Independent Registered Public Accounting Firm of our 2021 Proxy Statement which is incorporated by reference into this item.

PART IV

Item 15: Exhibits and Financial Statement Schedules

Financial Statements and Financial Statement Schedules

Our consolidated financial statements required in response to this Item are incorporated by reference from Item 8 of this Report.

Exhibits

Our exhibits listed on the Exhibit Index of this Form 10-K are filed with this Report or are incorporated herein by reference.

Item 16: 10-K Summary

Not applicable.

Exhibit Index

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

The SEC maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is *http://www.sec.gov*. The reports and other information filed by us with the SEC are also available free of charge at our Internet web site. The address of the site is *http://www.huntington.com*. Except as specifically incorporated by reference into this 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 10004.

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
2.1	Agreement and Plan of Merger, dated as of December 13, 2020, by and between Huntington Bancshares Incorporated and TCF Financial Corporation	Current Report on Form 8-K dated December 17, 2020.	001-34073	2.1
3.1	Articles Supplementary of Huntington Bancshares Incorporated, as of January 18, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.1
3.2	Articles of Restatement of Huntington Bancshares Incorporated, as of January 18, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.2
3.3	Bylaws of Huntington Bancshares Incorporated, as amended and restated on January 16, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.3
3.4	Articles Supplementary of Huntington Bancshares Incorporated, as of February 5, 2021.	Current Report on Form 8-K dated February 5, 2021	001-34073	3.1
3.5	Articles Supplementary of Huntington Bancshares Incorporated, as of August 5, 2020.	Current Report on Form 8-K dated August 5, 2020.	001-34073	3.1
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of May 28, 2020.	Current Report on Form 8-K dated May 28, 2020.	001-34073	3.1
4.1	Instruments defining the Rights of Security Holders — reference is made to Articles Fifth, Eighth, and Tenth of Articles of Restatement of Charter, as amended and supplemented. Instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.			
4.2	Description of Securities			
10.1	* Form of Executive Agreement for certain executive officers.	Current Report on Form 8-K, dated November 28, 2012.	001-34073	10.3
10.2	* Management Incentive Plan for Covered Officers as amended and restated effective for plan years beginning on or after January 1, 2016.	Definitive Proxy Statement for the 2016 Annual Meeting of Shareholders.	001-34073	A
10.3	* Huntington Supplemental Retirement Income Plan, amended and restated, effective December 31, 2013.	Annual Report on Form 10-K for the year ended December 31, 2013.	001-34073	10.3
10.4(P)	* Deferred Compensation Plan and Trust for Directors	Post-Effective Amendment No. 2 to Registration Statement on Form S-8 filed on January 28, 1991.	33-10546	4(a)
10.7	* Executive Deferred Compensation Plan, as amended and restated on January 1, 2012.	Annual Report on Form 10-K for the year ended December 31, 2012.	001-34073	10.8
10.8	* The Huntington Supplemental Stock Purchase and Tax Savings Plan and Trust, amended and restated, effective January 1, 2014.	Annual Report on Form 10-K for the year ended December 31, 2013.	001-34073	10.8
10.9	* Form of Employment Agreement between Stephen D. Steinour and Huntington Bancshares Incorporated effective December 1, 2012.	Current Report on Form 8-K dated November 28, 2012.	001-34073	10.1
10.10	* Form of Executive Agreement between Stephen D. Steinour and Huntington Bancshares Incorporated effective December 1, 2012.	Current Report on Form 8-K dated November 28, 2012.	001-34073	10.2
10.11	* Restricted Stock Unit Grant Notice with three year vesting.	Current Report on Form 8-K dated July 24, 2006.	000-02525	99.1
10.12	* Restricted Stock Unit Grant Notice with six month vesting.	Current Report on Form 8-K dated July 24, 2006.	000-02525	99.2
10.13	* Restricted Stock Unit Deferral Agreement.	Current Report on Form 8-K dated July 24, 2006.	000-02525	99.3
10.14	* Director Deferred Stock Award Notice.	Current Report on Form 8-K dated July 24, 2006.	000-02525	99.4

10.15	* Huntington Bancshares Incorporated 2007 Stock and Long-Term Incentive Plan.	Definitive Proxy Statement for the 2007 Annual Meeting of Stockholders.	000-02525	G
10.16	* First Amendment to the 2007 Stock and Long-Term Incentive Plan.	Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.	000-02525	10.7
10.17	* Second Amendment to the 2007 Stock and Long-Term Incentive Plan.	Definitive Proxy Statement for the 2010 Annual Meeting of Shareholders.	001-34073	A
10.18	* Form of Consolidated 2012 Stock Grant Agreement for Executive Officers Pursuant to Huntington's 2012 Long-Term Incentive Plan.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.	001-34073	10.2
10.19	* Form of 2014 Restricted Stock Unit Grant Agreement for Executive Officers.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	001-34073	10.1
10.20	* Form of 2014 Stock Option Grant Agreement for Executive Officers.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	001-34073	10.2
10.21	* Form of 2014 Performance Stock Unit Grant Agreement for Executive Officers.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	001-34073	10.3
10.22	* Form of 2014 Restricted Stock Unit Grant Agreement for Executive Officers Version II.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	001-34073	10.4
10.23	* Form of 2014 Stock Option Grant Agreement for Executive Officers Version II.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	001-34073	10.5
10.24	*Form of 2014 Performance Stock Unit Grant Agreement for Executive Officers Version II.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	001-34073	10.6
10.25	*Huntington Bancshares Incorporated 2012 Long-Term Incentive Plan.	Definitive Proxy Statement for the 2012 Annual Meeting of Shareholders.	001-34073	A
10.26	*Huntington Bancshares Incorporated 2015 Long-Term Incentive Plan.	Definitive Proxy Statement for the 2015 Annual Meeting of Shareholders.	001-34073	A
10.27	*Form of 2015 Stock Option Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.	001-34073	10.2
10.28	*Form of 2015 Restricted Stock Unit Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.	001-34073	10.3
10.29	*Form of 2015 Performance Share Unit Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.	001-34073	10.4
10.30	*Huntington Bancshares Incorporated Restricted Stock Unit Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.	001-34073	10.1
10.31	* Deferred Compensation Plan and Trust for Directors	Annual Report on Form10-K for the year ended December 31, 2017.	001-34073	10.32
10.32	* Amended and Restated Deferred Compensation Plan and Trust for Huntington Bancshares Incorporated Directors	Annual Report on Form 10-K for the year ended December 31, 2017.	001-34073	10.33
10.33	* First Amendment to the 2015 Long-Term Incentive Plan	Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.	001-34073	10.1
10.34	*Huntington Bancshares Incorporated 2018 Long-Term Incentive Plan.	Definitive Proxy Statement for 2018 Annual Meeting of Shareholders.	001-34073	A
10.35	*Form of 2018 Stock Option Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.	001-34073	10.2
10.36	*Form of 2018 Restricted Stock Unit Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.	001-34073	10.3
10.37	*Form of 2018 Performance Share Unit Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.	001-34073	10.4
10.38	*Executive Deferred Compensation Plan, as amended and restated on April 18, 2018.	Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.	001-34073	10.1
10.39	*Huntington Supplemental 401(k) Plan (f/k/a Huntington Supplemental Stock Purchase and Savings Plan and Trust), as amended and restated effective January 1, 2019.	Annual Report on Form 10-K for the year ended December 31, 2018.	001-34073	10.40
10.40	Transition Agreement dated May 13, 2019, by and between The Huntington National Bank and Howell D. McCullough	Current Report on Form 8-K, dated May 13, 2019.	001-34073	10.1
10.41	*Second Amendment to Huntington Supplemental 401(k) Plan dated October 22, 2019.	Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.	001-34073	10.1
10.42	*First Amendment to The Huntington National Bank Supplemental Retirement Income Plan dated October 23, 2019.	Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.	001-34073	10.2
10.43	*Management Incentive Plan effective for Plan Years Beginning On or After January 1, 2020.	Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.	001-34073	10.1
14.1(P)	Code of Business Conduct and Ethics dated January 14, 2003 and revised on January 24, 2018 and Financial Code of Ethics for Chief Executive Officer and Senior Financial Officers, adopted January 18, 2003 and revised on October 20, 2015, are available on our website at http://www.huntington.com/About-Us/corporate-governance			
21.1	Subsidiaries of the Registrant			

23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney
31.1	Rule 13a-14(a) Certification – Chief Executive Officer.
31.2	Rule 13a-14(a) Certification – Chief Financial Officer.
32.1	Section 1350 Certification – Chief Executive Officer.
32.2	Section 1350 Certification – Chief Financial Officer.
101	The following material from Huntington's Form 10-K Report for the year ended December 31, 2020, formatted in Inline XBRL: (1) Consolidated Balance Sheets, (2) Consolidated Statements of Income, (3), Consolidated Statements of Comprehensive Income, (4) Consolidated Statements of Changes in Shareholders' Equity, (5) Consolidated Statements of Cash Flows, and (6) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

* Denotes management contract or compensatory plan or arrangement.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of February, 2021.

HUNTINGTON BANCSHARES INCORPORATED
(Registrant)

By: /s/ Stephen D. Steinour
Stephen D. Steinour
Chairman, President, Chief Executive Officer, and Director (Principal Executive Officer)

By: /s/ Zachary Wasserman
Zachary Wasserman
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Nancy E. Maloney
Nancy E. Maloney
Executive Vice President, Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 26th day of February, 2021.

Lizabeth Ardisana *
Lizabeth Ardisana
Director

Alanna Y. Cotton *
Alanna Y. Cotton
Director

Ann B. Crane *
Ann B. Crane
Director

Robert S. Cubbin *
Robert S. Cubbin
Director

Steven G. Elliott *
Steven G. Elliott
Director

Gina D. France *
Gina D. France
Director

J. Michael Hochschwender *

J. Michael Hochschwender
Director

John C. Inglis *

John C. Inglis
Director

Katherine M. A. Kline *

Katherine M. A. Kline
Director

Richard W. Neu *

Richard W. Neu
Director

Kenneth J. Phelan *

Kenneth J. Phelan
Director

David L. Porteous *

David L. Porteous
Director

*/s/ Jana J. Litsey

Jana J. Litsey
Attorney-in-fact for each of the persons indicated

Exhibit 4.2

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2020, Huntington Bancshares Incorporated ("Huntington," "we," "our," "us," and the "Company") had three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

1) Common Stock, par value $0.01 per share
2) Depositary Shares Each Representing a 1/40th Interest in a Share of 5.875% Series C Non-Cumulative, Perpetual Preferred Stock, par value $0.01 per share
3) Depositary Shares Each Representing a 1/40th Interest in a Share of 6.250% Series D Non-Cumulative, Perpetual Preferred Stock, par value $0.01 per share

The total number of shares of all classes of stock which the Company has authority to issue is 1,506,617,808, of which 1,500,000,000 shares are classified as Common Stock, par value $0.01 per share, and 6,617,808 shares are classified as Serial Preferred Stock, par value $0.01 per share (the "Serial Preferred Stock"), of which 100,000 shares of Serial Preferred Stock are designated as 5.857% Series C Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share (the "Series C Preferred Stock"), 602,500 shares of Serial Preferred Stock are designated as 6.250% Series D Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share (the "Series D Preferred Stock"), 35,500 shares of Serial Preferred Stock are designated as Floating Rate Series B Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share (the "Series B Preferred Stock"), and 5,000 shares of Serial Preferred Stock are designated as 5.700% Series E Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share (the "Series E Preferred Stock").

Shares of Serial Preferred Stock may be issued from time to time in one or more series. Huntington's board of directors is authorized, within the limitations and restrictions stated in article fifth of Huntington's charter and pursuant to the Maryland General Corporation Law, to establish the serial designations of the Serial Preferred Stock and any such series (a) may have such voting powers full or limited, or may be without voting powers; (b) may be subject to redemption at such time or times and at such prices; (c) may be entitled to receive dividends or other distributions (which may be cumulative or noncumulative) at such rate or rates, on such conditions, and at such times and payable in preference to, or in such relation to, the dividends or other distributions payable on any other class or classes or series of stock; (d) may have such rights upon the dissolution of, or upon any distribution of the assets of, Huntington; (e) may be made convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of Huntington, at such price or prices or at such rates of exchange, and with such adjustments; and (f) shall have such other preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms or conditions of redemption or other rights, all as are authorized by the board of directors and stated and expressed in the articles supplementary or other charter document providing for the authorization of such Serial Preferred Stock.

A summary of the designations of the authorized and registered classes of Serial Preferred Stock or of any series thereof, and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of that stock, or of the authority of Huntington's board of directors to authorize those designations and other terms, is as follows. For a complete description, we refer you to the Maryland General Corporation Law, our charter and our bylaws.

1) **Description of Common Stock, par value $0.01 per share**

Holders of our common stock are entitled to receive dividends when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. They are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, or after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our stock.

Except as may otherwise be specified in the terms of any class or series of common stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Holders of our common stock have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any of our securities and generally have no appraisal rights except in certain limited transactions. All shares of common stock will have equal dividend, liquidation and other rights. Under Maryland law, our stockholders generally are not liable for our debts or obligations.

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, convert, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless declared advisable by the board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter does not provide for a lesser percentage in these situations.

2) **Description of Depositary Shares Each Representing a 1/40th Interest in a Share of 5.875% Series C Non-Cumulative, Perpetual Preferred Stock, par value $0.01 per share**

Description of Series C Preferred Stock

The Series C Preferred Stock ranks, with respect to the payment of dividends and distributions upon liquidation, dissolution or winding-up, (1) on a parity with (i) our Series B Preferred Stock, (ii) our Series D Preferred Stock, (iii) our Series E Preferred Stock, and (iv) each class or series of preferred stock we may issue in the future the terms of which expressly provide that such class or series will rank on a parity with the Series C Preferred Stock as to dividend rights and rights on our liquidation, winding up and dissolution of Huntington and (2) senior to our common stock and each other class or series of stock we may issue in the future the terms of which expressly provide that it ranks junior to the Series C Preferred Stock as to dividend rights and rights on our liquidation, winding-up and dissolution.

The Series C Preferred Stock does not entitle the holder to any preemptive or conversion rights.

Dividends on the Series C Preferred Stock are payable quarterly in arrears, when, as and if authorized by our board of directors and declared by us out of legally available funds, on a non-cumulative basis on the $1,000 per share liquidation preference, at an annual rate equal to 5.875%.

The Series C Preferred Stock is redeemable, in whole or in part, from time to time, at our option on or after October 15, 2021, at a redemption price equal to the liquidation preference, plus any declared and unpaid dividends, without regard to any undeclared dividends. The holders of the Series C Preferred Stock do not have the right to require the redemption or repurchase of the Series C Preferred Stock. The Series C Preferred Stock is also redeemable, in whole but not in part, within 90 days following a regulatory capital treatment event (as defined in our charter) and subject to the prior approval of the Federal Reserve, or other appropriate federal banking agency, at a redemption price equal to the liquidation preference, plus any declared and unpaid dividends, without regard to any undeclared dividends.

Except as indicated below, the holders of the Series C Preferred Stock do not have any voting rights:

- If and when the dividends on the Series C Preferred Stock or on any other class or series of our preferred stock ranking on a parity with the Series C Preferred Stock that has voting rights equivalent to those of the Series C Preferred Stock that are conferred and are exercisable, have not been paid for at least six quarterly dividend periods or more (whether or not consecutive), the holders of the Series C Preferred Stock, together with the holders of all other affected classes and series of preferred stock ranking on a parity with the Series C Preferred Stock, voting as a single class, will be entitled to elect two additional members of our board of directors.

- So long as any shares of the Series C Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by our charter, the vote or consent of the holders of at least two-thirds of the outstanding shares of the Series C Preferred Stock, voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating certain charter amendments and certain mergers and consolidations.

Description of Depositary Shares of Series C Preferred Stock

General

The depositary shares represent proportional fractional interests in shares of the Series C Preferred Stock. Each depositary share represents a 1/40th interest in a share of the Series C Preferred Stock and is evidenced by depositary receipts. We have deposited the underlying shares of the Series C Preferred Stock with Computershare Inc. and Computershare Trust Company, N.A., jointly acting as depositary. The holders of depositary shares from time to time are deemed to be parties to the deposit agreement and are bound by all of the terms and conditions thereto by their acceptance of delivery of the depositary shares to the same extent as though they had executed the deposit agreement. Subject to the terms of the deposit agreement, each holder of the depositary shares is entitled, through the depositary, to all the rights and preferences of the Series C Preferred Stock, as applicable, in proportion to the applicable fraction of a share of the Series C Preferred Stock those depositary shares represent.

Dividends and Other Distributions

Each dividend payable on a depositary share is in an amount equal to 1/40th of the dividend declared and payable on the related share of the Series C Preferred Stock.

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series C Preferred Stock to the record holders of depositary shares relating to the underlying Series C Preferred Stock in proportion to the number of depositary shares held by the holders. If we make a distribution other than in cash, the depositary will distribute any securities or property received by it to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that (after consultation with us) it is not feasible to make a distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems equitable and practicable, including the sale of the securities or property and distribute the net proceeds from the sale to the holders of the depositary shares in proportion to the number of depositary shares they hold.

Record dates for the payment of dividends and other matters relating to the depositary shares are the same as the corresponding record dates for the Series C Preferred Stock.

The amounts distributed to holders of depositary shares are reduced by any amounts required to be withheld by us or the depositary on account of taxes or other governmental charges. The depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any depositary shares or the shares of the Series C Preferred Stock until such taxes or other governmental charges are paid.

Redemption of Depositary Shares

If we redeem the Series C Preferred Stock represented by the depositary shares, in whole or in part, the depositary shares will be redeemed with the proceeds received by the depositary resulting from the redemption of the Series C Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/40th of the redemption price per share payable with respect to the Series C Preferred Stock (or $25 per depositary share), plus any declared and unpaid dividends, without accumulation of undeclared dividends, except in the case of a redemption pursuant to a regulatory capital treatment event (as defined in our charter).

Whenever we redeem shares of the Series C Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing those shares of the Series C Preferred Stock so redeemed. If fewer than all of the outstanding depositary shares are redeemed, the depositary will select the shares to be redeemed pro rata or by lot. The depositary will mail notice of redemption to record holders of the depositary shares not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series C Preferred Stock and the related depositary shares.

Voting the Series C Preferred Stock

Because each depositary share represents a 1/40th interest in a share of the Series C Preferred Stock, holders of depositary shares will be entitled to 1/40th of a vote per depositary share under those limited circumstances in which holders of the Series C Preferred Stock are entitled to a vote.

When the depositary receives notice of any meeting at which the holders of the Series C Preferred Stock are entitled to vote, the depositary will mail the information contained in the notice to the record holders of the depositary shares relating to the Series C Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series C Preferred Stock, may instruct the depositary to vote the amount of the Series C Preferred Stock represented by the holder's depositary shares. Insofar as practicable, the depositary will vote the amount of the Series C Preferred Stock represented by depositary shares in accordance with the instructions it receives. We will take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares representing proportional interests in the Series C Preferred Stock, it will not vote the amount of the Series C Preferred Stock represented by such depositary shares.

Form

The depositary shares were issued in book-entry form through DTC. The Series C Preferred Stock was issued in registered form to the depositary.

Preemptive and Conversion Rights

The holders of the depositary shares do not have any preemptive or conversion rights.

Depositary, Registrar

Computershare Inc. and Computershare Trust Company, N.A., are jointly acting as depositary for the depositary shares, and Computershare Trust Company, N.A. is acting as registrar, dividend disbursing agent and redemption agent.

3) **Description of Depositary Shares Each Representing a 1/40th Interest in a Share of 6.250% Series D Non-Cumulative, Perpetual Preferred Stock, par value $0.01 per share**

Description of Series D Preferred Stock

The Series D Preferred Stock ranks, with respect to the payment of dividends and distributions upon liquidation, dissolution or winding-up, (1) on a parity with (i) our Series B Preferred Stock, (ii) our Series C Preferred Stock, (iii) our Series E Preferred Stock, and (iv) each class or series of preferred stock we may issue in the future the terms of which expressly provide that such class or series will rank on a parity with the Series D Preferred Stock as to dividend rights and rights on our liquidation, winding up and dissolution of Huntington and (2) senior to our common stock and each other class or series of preferred stock we may issue in the future the terms of which do not expressly provide that it ranks on a parity with or senior to the Series D Preferred Stock as to dividend rights and rights on our liquidation, winding-up and dissolution.

The Series D Preferred Stock does not entitle the holder to any preemptive or conversion rights.

Dividends on the Series D Preferred Stock are payable quarterly in arrears, when, as and if authorized by our board of directors and declared by us out of legally available funds, on a non-cumulative basis on the $1,000 per share liquidation preference, at an annual rate equal to 6.250%.

The Series D Preferred Stock is redeemable, in whole or in part, from time to time, at our option on any dividend payment date on or after April 15, 2021, at a redemption price equal to the liquidation preference, plus any declared and unpaid dividends. The holders of the Series D Preferred Stock do not have the right to require the redemption or repurchase of the Series D Preferred Stock. The Series D Preferred Stock is also redeemable, in whole but not in part, within 90 days following a regulatory capital treatment event (as defined in our charter) at a redemption price equal to the liquidation preference, plus the sum of (i) any authorized, declared and unpaid dividends from the prior dividend period and (ii) the pro-rated portion of dividends, whether or not declared, for the dividend period in which such redemption occurs. Redemption or repurchase of Series D Preferred Stock is subject to receipt of prior approval of the Federal Reserve or other appropriate federal banking agency.

Except as indicated below, the holders of the Series D Preferred Stock do not have any voting rights:

- If and when the dividends on the Series D Preferred Stock or on any other class or series of our preferred stock ranking on a parity with the Series D Preferred Stock that has voting rights equivalent to those of the Series D Preferred Stock, have not been authorized, declared and paid (i) in the case of the Series D Preferred Stock and any class or series of our preferred stock ranking on a parity with the Series D Preferred Stock and bearing non-cumulative dividends, in full for at least six quarterly dividend periods or their equivalent (whether or not consecutive), or (ii) in the case of any class or series of our preferred stock ranking on a parity with the Series D Preferred Stock and bearing cumulative dividends, in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive), the holders of the Series D Preferred Stock, together with the holders of all other affected classes and series of preferred stock ranking on a parity with the Series D Preferred Stock, voting as a single class, with each series or class having a number of votes proportionate to the aggregate liquidation preference of the outstanding shares of such class or series, will be entitled to elect two additional members of our board of directors.

- So long as any shares of the Series D Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by our charter, the vote or consent of the holders of at least two-thirds of the outstanding shares of the Series D Preferred Stock and any class or series of preferred stock then outstanding that ranks on a parity with the Series D Preferred Stock and has similar rights, voting together as a single class, with each series or class having a number of votes proportionate to the aggregate liquidation preference of the outstanding shares of such class or series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating certain charter amendments and certain mergers and consolidations.

Description of Depositary Shares of Series D Preferred Stock

General

The depositary shares represent proportional fractional interests in shares of the Series D Preferred Stock. Each depositary share represents a 1/40th interest in a share of our Series D Preferred Stock, and is evidenced by depositary receipts. We have deposited the underlying shares of the Series D Preferred Stock with a depositary pursuant to a deposit agreement among us, Computershare Inc. and Computershare Trust Company, N.A., jointly acting as depositary. The holders of depositary shares from time to time are deemed to be parties to the deposit agreement and are bound by all of the terms and conditions thereto by their acceptance of delivery of the depositary shares to the same extent as though they had executed the deposit agreement. Subject to the terms of the deposit agreement, each holder of the depositary shares is entitled, through the depositary, to all the rights and preferences of the Series D Preferred Stock, as applicable, in proportion to the applicable fraction of a share of Series D Preferred Stock those depositary shares represent.

In this summary, references to "holders" of depositary shares mean those who own depositary shares registered in their own names on the books maintained by the depositary and not indirect holders who own beneficial interests in depositary shares registered in the street name, or issued in book-entry form through DTC.

Dividends and Other Distributions

Each dividend payable on a depositary share is in an amount equal to 1/40th of the dividend declared and payable on the related share of the Series D Preferred Stock.

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series D Preferred Stock to the record holders of depositary shares relating to the underlying Series D Preferred Stock in proportion to the number of depositary shares held by the holders. If we make a distribution other than in cash, the depositary will distribute any securities or property received by it to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that (after consultation with us) it is not feasible to make a distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems equitable and practicable, including the sale of the securities or property and distribute the net proceeds from the sale to the holders of the depositary shares in proportion to the number of depositary shares they hold.

Record dates for the payment of dividends and other matters relating to the depositary shares are the same as the corresponding record dates for the Series D Preferred Stock.

The amounts distributed to holders of depositary shares are reduced by any amounts required to be withheld by us or the depositary on account of taxes or other governmental charges. The depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any depositary shares or the shares of the Series D Preferred Stock until such taxes or other governmental charges are paid.

Redemption of Depositary Shares

If we redeem the Series D Preferred Stock represented by the depositary shares, in whole or in part, the depositary shares will be redeemed with the proceeds received by the depositary resulting from the redemption of the Series D Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/40th of the redemption price per share payable with respect to the Series D Preferred Stock (or $25 per depositary share), plus any declared and unpaid dividends, without accumulation of undeclared dividends, except in the case of a redemption pursuant to a regulatory capital treatment event (as defined in our charter).

Whenever we redeem shares of the Series D Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing those shares of the Series D Preferred Stock so redeemed. If fewer than all of the outstanding depositary shares are redeemed, the depositary will select the shares to be redeemed pro rata or by lot. The depositary will mail notice of redemption to record holders of the depositary receipts not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series D Preferred Stock and the related depositary shares.

Voting the Series D Preferred Stock

Because each depositary share represents a 1/40th interest in a share of the Series D Preferred Stock, holders of depositary receipts will be entitled to 1/40th of a vote per depositary share under those limited circumstances in which holders of the Series D Preferred Stock are entitled to a vote.

When the depositary receives notice of any meeting at which the holders of the Series D Preferred Stock are entitled to vote, the depositary will mail the information contained in the notice to the record holders of the depositary shares relating to the Series D Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series D Preferred Stock, may instruct the depositary to vote the amount of the Series D Preferred Stock represented by the holder's depositary shares. Insofar as practicable, the depositary will vote the amount of the Series D Preferred Stock represented by depositary shares in accordance with the instructions it receives. We will take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares representing proportional interests in the Series D Preferred Stock, it will not vote the amount of the Series D Preferred Stock represented by such depositary shares.

Form and Notices

The Series D Preferred Stock is issued in registered form to the depositary, and the depositary shares will be issued in book-entry form through DTC. The depositary will forward to the holders of depositary shares all reports, notices, and communications from us that are delivered to the depositary and that we are required to furnish to the holders of the Series D Preferred Stock.

Preemptive and Conversion Rights

The holders of the depositary shares and the Series D Preferred Stock do not have any preemptive or conversion rights.

Depositary, Dividend Disbursing Agent, Registrar and Redemption Agent

Computershare Inc. and Computershare Trust Company, N.A. will be the depositary, and Computershare Trust Company, N.A. will be the dividend disbursing agent, registrar and redemption agent for the depositary shares.

Certain Provisions That May Have an Anti-Takeover Effect

Some of the provisions of Maryland law and our charter and bylaws discussed below could make it more difficult for a third party to acquire us.

We are subject to the Maryland Business Combination Act, which provides that certain business combinations between a Maryland corporation and any interested stockholder (generally any beneficial holder, directly or indirectly, of 10% or more of the voting power of the corporation's outstanding stock) or its affiliates are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. After such five-year period, any such business combination is subject to two different supermajority vote requirements. We are also subject to the Maryland Control Share Acquisition Act, which provides that holders of “control shares” of a Maryland corporation acquired in a “control share acquisition” have no voting rights with respect to their control shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors, generally, excluding certain shares of stock. Control shares are voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within three ranges of voting power, beginning with one-tenth or more.

In addition, the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to adopt certain takeover defenses without any action by the stockholders of the corporation. We have elected through this provision to require that all vacancies on our board of directors be filled only by the remaining directors, even if such remaining directors do not constitute a quorum. In the future, our board of directors may elect, without stockholder approval, to adopt certain other takeover defenses, including the classification of the board of directors.

Our charter permits our board of directors to authorize, without stockholder approval, the issuance of serial preferred stock from time to time in one or more series with such preferences, conversion or other rights, voting powers, restrictions, limitations as to the dividends, qualifications, terms or conditions of redemption or other rights as permitted by our charter.

Our bylaws provide that a stockholder may nominate individuals for election to our board of directors and propose other business to be considered at an annual or special meeting of stockholders only if such stockholder gives timely notice to our Secretary and complies with the other advance notice procedures, including the provision of specified information, as set forth in our bylaws.

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, convert, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless declared advisable by the board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter. However, a Maryland corporation may provide for in its charter approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter does not provide for a lesser percentage in these situations.

Exhibit 21.1

SUBSIDIARIES OF HUNTINGTON BANCSHARES INCORPORATED

The direct and indirect subsidiaries of Huntington Bancshares Incorporated at December 31, 2020, are listed below. The state or jurisdiction of incorporation or organization of each subsidiary (unless otherwise noted) is Ohio.

41 South High Ltd.
7575 Corporation
791, 801, AND 803 W. Big Beaver Road, LLC
AM-HBAN Solar Trust (Delaware)
CFC-HBAN Solar Trust (Delaware)
AFL-HBAN Solar Trust (Delaware)
GC1-HBAN Solar Trust
Camco Statutory Trust 1 (Connecticut)
CASCADE Holdings, LLC (Illinois)
Community Bank Insurance Agency, Inc. (Michigan)
CREPD, LLC
FirstMerit Advisors, Inc.
FirstMerit Community Development Corporation
FirstMerit Securities, Inc.
FirstMerit Title Agency, LTD.
FMRC, Inc. (Delaware)
Forty-One Corporation
Haberer Registered Investment Advisor, Inc.
HBI Payments Holdings, Inc.
Fourteen Corporation
HBI Specialty Insurance, Inc.
HBI Title Services, Inc.
HCFFL, LLC (Nevada)
Henry Acquisitions, Inc.
HLFB, Inc. (Nevada)
HMFAL, LLC
HMFAL II, LLC
HNB I LLC (Delaware)
HPAL Holdings, LLC (Nevada)
HPAL, LLC (Nevada)
HPAL II, LLC (Nevada)
HPCDS, Inc. (Nevada)
HPCF Corporation (Nevada)
HPCKAL, LLC (Nevada)
HPCLI, Inc.
HREIC Holdings, LLC
Huntington Bancshares Financial Corporation
Huntington Capital Financing Holdings I, Inc. (Nevada)
Huntington Capital Financing Holdings II, Inc. (Nevada)
Huntington Capital Financing OREO, Inc. (Nevada)
Huntington Capital I (Delaware)

Huntington Capital II (Delaware)
Huntington Captive Insurance Company (Arizona)
Huntington Equipment Finance, Inc. (Delaware)
Huntington Equity Investments, LLC
Huntington Finance LLC
Huntington Funding, LLC (Delaware)
Huntington Insurance, Inc.
Huntington LT (Delaware)
Huntington Mezzanine Opportunities Inc.
Huntington Municipal Fund I, Inc.
Huntington Municipal Fund II, Inc.
Huntington Municipal Securities, Inc. (Nevada) *
Huntington Merchant Services, LLC (Delaware)**
Huntington Preferred Capital Holdings, Inc. (Indiana)
Huntington Preferred Capital, Inc. *
Huntington Preferred Capital II, Inc.
Huntington Public Capital Corporation (Nevada)
Huntington Residential Mortgage Securities, Inc.
Huntington Securities, Inc.
Huntington Technology Finance, Inc. (Delaware)
Huntington West, Inc. (Delaware)
Huntington Renewable Energy Investments, LLC
Metropolitan Savings Service Corporation
Midwest Funding, LLC (Illinois)
Mobile Consultants, Inc.
Prospect Trust I (Delaware)
Rate Risk Management Advisors, LLC
Red Mountain LLC (Delaware)
Sky Capital LLC (Delaware) *
Sky Financial Capital Trust III (Delaware)
Sky Financial Capital Trust IV (Delaware)
STB Auto Exchange, LLC
The Derlam Company
The Huntington Capital Investment Company
The Huntington Capital Investment Company II
The Huntington Community Development Corporation
The Huntington Investment Company
The Huntington Kentucky, LLC (Kentucky)
The Huntington Leasing Company
The Huntington National Bank (United States)
The Huntington Real Estate Investment Company
The Huntington Real Estate Investment Company II
Thirty-Seven Corporation
Tower Hill Securities, Inc. (Nevada)
Troy BNK Investors LLC
Unizan Capital, LLC (Delaware) *

*	- Owned jointly between The Huntington National Bank and Huntington Bancshares Incorporated.
**	- Less than 100% owned.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-232886), Form S-4 (No. 333-252517) and Form S-8 (Nos. 33-10546, 33-41774, 33-44208, 333-136692, 333-140897, 333-144403, 333-153573, 333-158335, 333-161779, 333-161780, 333-168824, 333-173831, 333-183325, 333-187725, 333-192600, 333-202349, 333-206720, 333-209962, 333-224665, and 333-224666) of Huntington Bancshares Incorporated of our report dated February 26, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Columbus, Ohio
February 26, 2021

Exhibit 24.1

POWER OF ATTORNEY

Each director and officer of Huntington Bancshares Incorporated (the Corporation), whose signature appears below hereby appoints Jana J. Litsey, Stephen D. Steinour, and Zachary Wasserman, or any of them, as his or her attorney-in-fact, to sign, in his or her name and behalf and in any and all capacities stated below, and to cause to be filed with the Securities and Exchange Commission, the Corporation's Annual Report on Form 10-K (the Annual Report) for the fiscal year ended December 31, 2020, and likewise to sign and file any amendments, including post-effective amendments, to the Annual Report, and the Corporation hereby also appoints such persons as its attorneys-in-fact and each of them as its attorney-in-fact with like authority to sign and file the Annual Report and any amendments thereto in its name and behalf, each such person and the Corporation hereby granting to such attorney-in-fact full power of substitution and revocation, and hereby ratifying all that such attorney-in-fact or his substitute may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney, in counterparts if necessary, effective as of February 22, 2021.

DIRECTORS/OFFICERS:
Signature / Title

/s/ Stephen D. Steinour

Stephen D. Steinour
Chairman, President, Chief Executive Officer, and Director (Principal Executive Officer)

/s/ Zachary Wasserman

Zachary Wasserman
Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)

/s/ Nancy E. Maloney

Nancy E. Maloney
Executive Vice President and Controller (Principal Accounting Officer)

/s/ Lizabeth Ardisana *

Lizabeth Ardisana
Director

/s/ Alanna Y. Cotton *

Alanna Y. Cotton
Director

/s/ Ann B. Crane *

Ann B. Crane
Director

/s/ Robert S. Cubbin *

Robert S. Cubbin
Director

/s/ Steven G. Elliott *

Steven G. Elliott
Director

/s/ Gina D. France *

Gina D. France
Director

/s/ J. Michael Hochschwender *

J. Michael Hochschwender
Director

/s/ John C. Inglis *

John C. Inglis
Director

/s/ Katherine M.A. Kline *

Katherine M.A. Kline
Director

/s/ Richard W. Neu *

Richard W. Neu
Director

/s/ Kenneth J. Phelan *

Kenneth J. Phelan
Director

/s/ David L. Porteous *

David L. Porteous
Director

Exhibit 31.1

CERTIFICATION

I, Stephen D. Steinour, certify that:

1. I have reviewed this Annual Report on Form 10-K of Huntington Bancshares Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 26, 2021

/s/ Stephen D. Steinour

Stephen D. Steinour

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Zachary Wasserman, certify that:

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

Date: February 26, 2021

/s/ Zachary Wasserman

Zachary Wasserman

Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Huntington Bancshares Incorporated (the Company) on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Stephen D. Steinour, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Stephen D. Steinour

Stephen D. Steinour
Chief Executive Officer
February 26, 2021

Exhibit 32.2

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Huntington Bancshares Incorporated (the “Company”) on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Zachary Wasserman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Zachary Wasserman
Zachary Wasserman
Chief Financial Officer
February 26, 2021

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

FORM 10-Q

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

For the quarterly period ended June 30, 2021

Huntington Bancshares Incorporated

(Exact name of registrant as specified in its charter)

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

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

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

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

Title of class	Trading Symbol(s)	Name of exchange on which registered
Depositary Shares (each representing a 1/40th interest in a share of 5.875% Series C Non-Cumulative, perpetual preferred stock)	**HBANN**	**NASDAQ**
Depositary Shares (each representing a 1/40th interest in a share of 4.500% Series H Non-Cumulative, perpetual preferred stock)	**HBANP**	**NASDAQ**
Depositary Shares (each representing a 1/100th interest in a share of 5.70% Series I Non-Cumulative, perpetual preferred stock)	**HBANM**	**NASDAQ**
Common Stock—Par Value $0.01 per Share	**HBAN**	**NASDAQ**

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

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

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

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

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

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

There were 1,476,557,426 shares of the registrant's common stock ($0.01 par value) outstanding on June 30, 2021.

HUNTINGTON BANCSHARES INCORPORATED
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Glossary of Acronyms and Terms

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

ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALLL	Allowance for Loan and Lease Losses
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
AULC	Allowance for Unfunded Lending Commitments
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
CARES Act	Coronavirus Aid, Relief, and Economic Security Act, as amended
C&I	Commercial and Industrial
CDs	Certificates of Deposit
CDI	Core Deposit Intangible
CECL	Current Expected Credit Loss
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
COVID-19	Coronavirus Disease 2019
CRE	Commercial Real Estate
EAD	Exposure at Default
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Corporation
FRB	Federal Reserve Board
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
FVO	Fair Value Option
GAAP	Generally Accepted Accounting Principles in the United States of America
HTM	Held-to-Maturity
IRS	Internal Revenue Service
Last-of-Layer	Last-of-layer is a fair value hedge of the interest rate risk of a portfolio of similar prepayable assets whereby the last dollar amount within the portfolio of assets is identified as the hedged item
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LIHTC	Low Income Housing Tax Credit
MBS	Mortgage-Backed Securities
MD&A	Management’s Discussion and Analysis of Financial Condition and Results of Operations
MSR	Mortgage Servicing Right
NAICS	North American Industry Classification System
NALs	Nonaccrual Loans
NCO	Net Charge-off
NII	Net Interest Income
NIM	Net Interest Margin
NPAs	Nonperforming Assets
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)

OLEM	Other Loans Especially Mentioned
PCD	Purchased Credit Deteriorated
PD	Probability of Default
PPP	Paycheck Protection Program
RBHPCG	Regional Banking and The Huntington Private Client Group
ROC	Risk Oversight Committee
SBA	Small Business Administration
SEC	Securities and Exchange Commission
TCF	TCF Financial Corporation
TDR	Troubled Debt Restructuring
U.S. Treasury	U.S. Department of the Treasury
UPB	Unpaid principal balance
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

PART I. FINANCIAL INFORMATION

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

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

INTRODUCTION

We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through the Bank, we have over 150 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, recreational vehicle and marine financing, equipment financing, inventory finance, investment management, trust services, brokerage services, insurance products and services, and other financial products and services. Our 1,239 full-service branches and private client group offices are primarily located in Ohio, Colorado, Illinois, Indiana, Kentucky, Michigan, Minnesota, Pennsylvania, South Dakota, West Virginia and Wisconsin. Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2020 Annual Report on Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2020 Annual Report on Form 10-K. This MD&A should also be read in conjunction with the Unaudited Condensed Consolidated Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, and other information contained in this report.

EXECUTIVE OVERVIEW

Acquisition of TCF Financial Corporation

On June 9, 2021, Huntington closed the acquisition of TCF Financial Corporation in an all-stock transaction valued at $7.2 billion. TCF was a financial holding company headquartered in Detroit, Michigan with operations across the Midwest. The acquisition added depth in existing markets and new markets for expansion and brings complimentary businesses together to drive synergies and growth. Historical periods prior to June 9, 2021 reflect results of legacy Huntington operations. Subsequent to closing, results reflect all post-acquisition activity. For further information, refer to Note 2 “Acquisition of TCF Financial Corporation” of the Notes to Unaudited Condensed Consolidated Financial Statements.

Summary of 2021 Second Quarter Results Compared to 2020 Second Quarter

For the quarter, we reported net loss of $15 million, compared with net income of $150 million in the year-ago quarter. Loss per common share for the 2021 second quarter was ($0.05), down $0.18 from earnings of $0.13 per common share, in the year-ago quarter. The reported net loss was impacted by TCF acquisition-related expenses totaling $269 million, or $218 million, after tax ($(0.19) per common share), in addition to the TCF acquisition initial provision for credit losses of $294 million, or $239 million after tax ($(0.21) per common share).

Net interest income was $838 million, up $46 million, or 6% from the year-ago quarter. FTE net interest income was $844 million, up $47 million, or 6%, from the year-ago quarter. The increase in FTE net interest income reflected the benefit from the $18.4 billion, or 17%, increase in average earning assets, partially offset by a 28 basis point decrease in the FTE net interest margin to 2.66%. Average earning asset growth included a $7.2 billion, or 9%, increase in average loans and leases and a $6.5 billion, or 27% increase in average securities, both of which were impacted by the late-quarter TCF acquisition.

The provision for credit losses decreased $116 million year-over-year to $211 million in the 2021 second quarter. The decrease reflected the benefit from improvement in the macro economic forecast and reduction in risk profiles, partially offset by $294 million of TCF acquisition initial provision for credit losses for the acquired non-PCD loan and lease portfolio and unfunded lending commitments. NCOs decreased $45 million to $62 million. Both Commercial NCOs of $59 million and Consumer NCOs of $3 million were down on a year-over-year basis. Total NCOs represented an annualized 0.28% of average loans and leases in the current quarter, down from 0.54% in the year-ago quarter.

Noninterest income was $444 million, up $53 million, or 14%, and noninterest expense increased $397 million, or 59%, from the year ago quarter. The increases in both noninterest income and noninterest expense were primarily impacted by the late-quarter acquisition of TCF.

Common Equity Tier 1 risk-based capital ratio was 9.97%, up from 9.84% a year ago. The regulatory Tier 1 risk-based capital ratio was 12.24% compared to 11.79% at June 30, 2020. The increase in regulatory capital ratios was driven by earnings, adjusted for CECL transition, offset by cash dividends. The balance sheet growth as a result of the TCF acquisition was largely offset by the common stock issued related to the acquisition, net of goodwill and intangibles, as well as the change in asset mix during 2020 related to the PPP loans and elevated deposits at the Federal Reserve Bank (both of which are 0% risk weighted). The regulatory Tier 1 risk-based capital and total risk-based capital ratios also reflect the issuance of $500 million of Series G preferred stock in the 2020 third quarter, $500 million of Series H preferred stock in the 2021 first quarter, and the issuance of $175 million of Series I preferred stock in the 2021 second quarter resulting from the conversion of TCF preferred stock.

Subsequent to quarter end, Huntington redeemed $600 million of Series D preferred stock on July 15, 2021, which represented all of the Series D preferred stock issued and outstanding.

In addition, subsequent to quarter end, the Board approved the repurchase of up to $800 million of common shares over the next four quarters. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs.

Business Overview

General

Our general business objectives are:

- Pursue consistent organic revenue and balance sheet growth.
- Invest in our businesses, particularly technology and risk management.
- Deliver positive long-term operating leverage.
- Maintain aggregate moderate-to-low risk appetite.
- Execute disciplined capital management.

COVID-19

The COVID-19 pandemic continues to cause unprecedented disruption that affects daily living and negatively impacts the economy. As further discussed in “Discussion of Results of Operations,” the volatility in the markets and lingering economic uncertainty caused by the pandemic continue to impact our performance.

Huntington was able to react quickly to the changes required by the pandemic because of the commitment and flexibility of its workforce coupled with well-prepared business continuity plans. Our branches have reopened and we are making plans for colleagues to safely return to our offices in a phased approach. We continue to monitor the impact of the resurgence of the virus and evolving guidelines which contributes a level of uncertainty to when there will be a return to historical norms of economic and social activity.

Throughout the pandemic, we worked with our customers to originate and renew business loans as well as originate loans made available through the SBA PPP, a lending program established as part of the relief to American consumers and businesses in the CARES Act. Several subsequent congressional acts have reopened and extended the PPP loan program. During the 2021 second quarter, we continued to work with our customers who applied for and received PPP loan forgiveness. Through June 2021, $5.5 billion of the PPP loans have been forgiven by the SBA of the original $11.4 billion of PPP loans originated by both Huntington and TCF prior to acquisition.

Economy

Our second quarter results reflected solid fundamental performance. We are seeing encouraging signs of the economic recovery, and customer activity is starting to normalize. Our lending pipelines have continued to grow across the board, supporting our view of increased loan demand later this year.

DISCUSSION OF RESULTS OF OPERATIONS

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

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Table 1 - Selected Quarterly Income Statement Data

	Three Months Ended		
(amounts in millions, except per share data)	June 30, 2021	March 31, 2021	June 30, 2020
Interest income	$ 935	$ 869	$ 902
Interest expense	97	(103)	110
Net interest income	838	972	792
Provision (benefit) for credit losses	211	(60)	327
Net interest income after provision (benefit) for credit losses	627	1,032	465
Mortgage banking income	67	100	96
Service charges on deposit accounts	88	69	60
Card and payment processing income	80	65	59
Trust and investment management services	56	52	45
Leasing revenue	12	4	7
Capital markets fees	35	29	31
Insurance income	25	27	25
Bank owned life insurance income	16	16	17
Gain on sale of loans	3	3	8
Net gains (losses) on sales of securities	10	—	(1)
Other noninterest income	52	30	44
Total noninterest income	444	395	391
Personnel costs	592	468	418
Outside data processing and other services	162	115	90
Equipment	55	46	46
Net occupancy	72	42	39
Lease financing equipment depreciation	5	—	1
Professional services	48	17	11
Amortization of intangibles	11	10	10
Marketing	15	14	5
Deposit and other insurance expense	8	8	9
Other noninterest expense	104	73	46
Total noninterest expense	1,072	793	675
(Loss) income before income taxes	(1)	634	181
Provision for income taxes	14	102	31
(Loss) income after income taxes	(15)	532	150
Income attributable to non-controlling interest	—	—	—
Net (loss) income attributable to Huntington Bancshares Inc	(15)	532	150
Dividends on preferred shares	43	31	19
Net (loss) income applicable to common shares	$ (58)	$ 501	$ 131
Average common shares—basic	1,125	1,018	1,016
Average common shares—diluted	1,125	1,041	1,029
Net (loss) income per common share—basic	$ (0.05)	$ 0.49	$ 0.13
Net (loss) income per common share—diluted	(0.05)	0.48	0.13
Return on average total assets	(0.05)%	1.76 %	0.51 %
Return on average common shareholders’ equity	(1.9)	18.7	5.0
Return on average tangible common shareholders’ equity (1)	(2.1)	23.7	6.7
Net interest margin (2)	2.66	3.48	2.94
Efficiency ratio (3)	83.1	57.0	55.9
Effective tax rate	(2,353.3)	16.1	17.2
Revenue and Net Interest Income—FTE (Non-GAAP)			
Net interest income	$ 838	$ 972	$ 792
FTE adjustment	6	6	5
Net interest income, FTE (non-GAAP) (2)	844	978	797
Noninterest income	444	395	391
Total revenue, FTE (non-GAAP) (2)	$ 1,288	$ 1,373	$ 1,188

(1) Net (loss) income excluding expense for amortization of intangibles for the period divided by average tangible common shareholders’ equity. Average tangible common shareholders’ equity equals average total common shareholders’ equity less average intangible assets and goodwill. Expense for amortization of intangibles and average intangible assets are net of deferred tax liability, and calculated assuming a 21% tax rate.
(2) On an FTE basis assuming a 21% tax rate.
(3) Noninterest expense less amortization of intangibles and goodwill impairment divided by the sum of FTE net interest income and noninterest income excluding securities gains (losses).

Table 2 - Selected Year to Date Income Statements

(amounts in millions, except per share data)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Change Amount	Change Percent
Interest income	$ 1,804	$ 1,877	$ (73)	(4)%
Interest expense	(6)	295	(301)	(102)
Net interest income	1,810	1,582	228	14
Provision for credit losses	151	768	(617)	(80)
Net interest income after provision for credit losses	1,659	814	845	104
Mortgage banking income	167	154	13	8
Service charges on deposit accounts	157	148	9	6
Card and payment processing income	145	117	28	24
Trust and investment management services	108	92	16	17
Leasing revenue	16	10	6	60
Capital markets fees	64	64	—	—
Insurance income	52	48	4	8
Bank owned life insurance income	32	32	—	—
Gain on sale of loans	6	17	(11)	(65)
Net gains (losses) on sales of securities	10	(1)	11	1,100
Other noninterest income	82	71	11	15
Total noninterest income	839	752	87	12
Personnel costs	1,060	814	246	30
Outside data processing and other services	277	175	102	58
Equipment	101	87	14	16
Net occupancy	114	79	35	44
Lease financing equipment depreciation	5	1	4	400
Professional services	65	22	43	195
Amortization of intangibles	21	21	—	—
Marketing	29	14	15	107
Deposit and other insurance expense	16	18	(2)	(11)
Other noninterest expense	177	96	81	84
Total noninterest expense	1,865	1,327	538	41
Income before income taxes	633	239	394	165
Provision for income taxes	116	41	75	183
Income after income taxes	517	198	319	161
Income attributable to non-controlling interest	—	—	—	—
Net income attributable to Huntington Bancshares Inc	517	198	319	161
Dividends declared on preferred shares	74	37	37	100
Net income applicable to common shares	$ 443	$ 161	$ 282	175 %
Average common shares—basic	1,071	1,017	54	5 %
Average common shares—diluted	1,094	1,032	62	6
Net income per common share—basic	$ 0.41	$ 0.16	$ 0.25	156
Net income per common share—diluted	0.40	0.16	0.24	150
Revenue and Net Interest Income—FTE (Non-GAAP)				
Net interest income	$ 1,810	$ 1,582	$ 228	14 %
FTE adjustment	12	11	1	9
Net interest income, FTE (non-GAAP) (1)	1,822	1,593	229	14
Noninterest income	839	752	87	12
Total revenue, FTE (non-GAAP) (1)	$ 2,661	$ 2,345	$ 316	13 %

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

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Net Interest Income / Average Balance Sheet

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

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

(dollar amounts in millions)	Average Balances Three Months Ended June 30, 2021	March 31, 2021	June 30, 2020	Change 2Q21 vs. 2Q20 Amount	Percent	Change 2Q21 vs. 1Q21 Amount	Percent
Assets:							
Interest-bearing deposits at Federal Reserve Bank	$ 7,636	$ 6,065	$ 3,413	$ 4,223	124 %	$ 1,571	26 %
Interest-bearing deposits in banks	319	177	169	150	89	142	80
Securities:							
Trading account securities	48	52	39	9	23	(4)	(8)
Available-for-sale securities:							
Taxable	20,096	14,827	11,179	8,917	80	5,269	36
Tax-exempt	2,832	2,650	2,728	104	4	182	7
Total available-for-sale securities	22,928	17,477	13,907	9,021	65	5,451	31
Held-to-maturity securities—taxable	7,280	8,269	9,798	(2,518)	(26)	(989)	(12)
Other securities	479	412	474	5	1	67	16
Total securities	30,735	26,210	24,218	6,517	27	4,525	17
Loans held for sale	1,294	1,392	1,039	255	25	(98)	(7)
Loans and leases: (1)							
Commercial:							
Commercial and industrial	34,126	32,153	32,975	1,151	3	1,973	6
Commercial real estate:							
Construction	1,310	1,053	1,201	109	9	257	24
Commercial	7,773	6,122	5,885	1,888	32	1,651	27
Commercial real estate	9,083	7,175	7,086	1,997	28	1,908	27
Lease financing	2,798	2,199	2,309	489	21	599	27
Total commercial	46,007	41,527	42,370	3,637	9	4,480	11
Consumer:							
Automobile	12,793	12,665	12,681	112	1	128	1
Residential mortgage	13,768	12,094	11,463	2,305	20	1,674	14
Home equity	9,375	8,809	8,897	478	5	566	6
RV and marine	4,447	4,193	3,706	741	20	254	6
Other consumer	1,047	973	1,082	(35)	(3)	74	8
Total consumer	41,430	38,734	37,829	3,601	10	2,696	7
Total loans and leases	87,437	80,261	80,199	7,238	9	7,176	9
Allowance for loan and lease losses	(1,828)	(1,809)	(1,557)	(271)	(17)	(19)	(1)
Net loans and leases	85,609	78,452	78,642	6,967	9	7,157	9
Total earning assets	127,421	114,105	109,038	18,383	17	13,316	12
Cash and due from banks	1,106	1,080	1,299	(193)	(15)	26	2
Goodwill and other intangible assets	3,055	2,176	2,206	849	38	879	40
All other assets	8,076	7,443	7,205	871	12	633	9
Total assets	$ 137,830	$ 122,995	$ 118,191	$19,639	17 %	$14,835	12 %
Liabilities and Shareholders' Equity:							
Interest-bearing deposits:							
Demand deposits—interest-bearing	$ 29,729	$ 26,812	$ 23,878	$ 5,851	25 %	$ 2,917	11 %
Money market deposits	28,124	26,247	25,728	2,396	9	1,877	7
Savings and other domestic deposits	15,190	12,277	10,609	4,581	43	2,913	24
Core certificates of deposit (2)	1,832	1,384	3,003	(1,171)	(39)	448	32
Other domestic deposits of $250,000 or more	259	115	230	29	13	144	125
Negotiable CDs, brokered and other deposits	2,986	3,355	4,114	(1,128)	(27)	(369)	(11)
Total interest-bearing deposits	78,120	70,190	67,562	10,558	16	7,930	11
Short-term borrowings	241	208	826	(585)	(71)	33	16
Long-term debt	6,887	7,766	9,802	(2,915)	(30)	(879)	(11)
Total interest-bearing liabilities	85,248	78,164	78,190	7,058	9	7,084	9
Demand deposits—noninterest-bearing	34,558	29,095	25,660	8,898	35	5,463	19
All other liabilities	2,608	2,412	2,396	212	9	196	8
Total Huntington Bancshares Inc shareholders' equity	15,410	13,324	11,945	3,465	29	2,086	16
Non-controlling interest	6	—	—	6	100	6	100
Total equity	15,416	13,324	11,945	3,471	29	2,092	16
Total liabilities and shareholders' equity	$ 137,830	$ 122,995	$ 118,191	$19,639	17 %	$14,835	12 %

(1) For purposes of this analysis, NALs are reflected in the average balances of loans and leases.
(2) Includes consumer certificates of deposit of $250,000 or more.

Table 3 - Consolidated Average Balance Sheet and Net Interest Margin Analysis (Continued)

	Average Yield Rates (1)		
	Three Months Ended		
Fully-taxable equivalent basis (2)	June 30, 2021	March 31, 2021	June 30, 2020
Assets:			
Interest-bearing deposits at Federal Reserve Bank	0.11 %	0.10 %	0.10 %
Interest-bearing deposits in banks	0.01	0.08	0.33
Securities:			
Trading account securities	2.96	3.64	1.99
Available-for-sale securities:			
Taxable	1.34	1.32	2.30
Tax-exempt	2.42	2.52	2.75
Total available-for-sale securities	1.47	1.50	2.39
Held-to-maturity securities—taxable	1.94	2.02	2.39
Other securities	1.72	1.66	0.57
Total securities	1.59	1.67	2.35
Loans held for sale	2.79	2.64	3.22
Loans and leases: (3)			
Commercial:			
Commercial and industrial	3.70	3.91	3.50
Commercial real estate:			
Construction	3.57	3.41	3.66
Commercial	3.06	2.64	2.94
Commercial real estate	3.13	2.75	3.06
Lease financing	5.00	5.18	5.32
Total commercial	3.67	3.78	3.53
Consumer:			
Automobile	3.62	3.71	3.84
Residential mortgage	3.04	3.13	3.51
Home equity	3.79	3.71	3.73
RV and marine	4.13	4.30	4.71
Other consumer	10.17	11.17	11.10
Total consumer	3.69	3.78	4.00
Total loans and leases	3.68	3.78	3.75
Total earning assets	2.96	3.11	3.35
Liabilities:			
Interest-bearing deposits:			
Demand deposits—interest-bearing	0.04	0.04	0.07
Money market deposits	0.06	0.06	0.40
Savings and other domestic deposits	0.04	0.04	0.10
Core certificates of deposit (4)	0.19	0.51	1.55
Other domestic deposits of $250,000 or more	0.26	0.22	1.25
Negotiable CDs, brokered and other deposits	0.16	0.18	0.18
Total interest-bearing deposits	0.06	0.06	0.28
Short-term borrowings	0.47	0.19	0.47
Long-term debt (5)	4.97	(5.88)	2.58
Total interest-bearing liabilities	0.45	(0.53)	0.57
Net interest rate spread	2.51	3.64	2.78
Impact of noninterest-bearing funds on margin	0.15	(0.16)	0.16
Net interest margin	2.66 %	3.48 %	2.94 %

(1) Average yield rates include the impact of applicable derivatives. Loan and lease and deposit average yield rates also include impact of applicable non-deferrable and amortized fees.
(2) FTE yields are calculated assuming a 21% tax rate.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans.
(4) Includes consumer certificates of deposit of $250,000 or more.
(5) Reflects the net mark-to-market impact of interest rate caps of a detriment of $55 million, or 318 bps, and a benefit of $144 million, or 741 bps, for 2Q 2021 and 1Q 2021, respectively. There was no impact for 2Q 2020.

2021 Second Quarter versus 2020 Second Quarter

Net interest income for the 2021 second quarter increased $46 million, or 6%, from the 2020 second quarter. FTE net interest income, a non-GAAP financial measure, for the 2021 second quarter increased $47 million, or 6%, from the 2020 second quarter. The increase in FTE net interest income reflected a $18.4 billion, or 17%, increase in average earning assets, partially offset by a 28 basis point decrease in the FTE net interest margin to 2.66%. Net interest income in the 2021 second quarter was impacted by the late-quarter acquisition of TCF and also included a $55 million net mark-to-market of interest rate caps, which negatively impacted the NIM by approximately 17 basis points (and long-term debt costs by approximately 318 basis points), and $30 million of deferred PPP loan fees recognized upon receipt of forgiveness payments from the SBA, which favorably impacted the NIM by approximately 9 basis points. The year-over-year decreases in earning asset yields and average liability costs also reflected the impact of lower interest rates and changes in balance sheet mix, including elevated deposits at the Federal Reserve Bank.

Average earning assets for the 2021 second quarter increased $18.4 billion, or 17%, from the year-ago quarter, primarily reflecting a $7.2 billion, or 9%, increase in average total loans and leases and a $6.5 billion, or 27%, increase in average securities. The $7.2 billion, or 9%, increase in average total loans and leases was impacted by the TCF acquisition late in the 2021 second quarter, an increase in average PPP loans and robust portfolio mortgage production . Average securities increased $6.5 billion, or 27%, primarily due to the late-quarter TCF acquisition and the purchase of securities to deploy excess liquidity.

Average total interest-bearing liabilities for the 2021 second quarter increased $7.1 billion, or 9%, from the year-ago quarter. Average total deposits increased $19.5 billion, or 21%, while average total core deposits increased $20.6 billion, or 23%. The increase in average total deposits was primarily driven by elevated balances in both consumer and commercial core deposits largely related to government stimulus, improved retention, and the impact of the late-quarter TCF acquisition. Specifically within core deposits, average total demand deposits increased $14.7 billion, or 30%, average savings and other domestic deposits increased $4.6 billion, or 43%, and average money market deposits increased $2.4 billion, or 9%. Partially offsetting these increases, average core CDs decreased $1.2 billion, or 39%, primarily reflecting the maturity of balances related to the 2018 consumer deposit growth initiatives. Average total debt decreased $3.5 billion, or 33%, primarily reflecting the repayment of short-term borrowings, repayment and maturity of $3.3 billion of long-term debt over the past five quarters, and the purchase of $0.5 billion of long-term debt under the tender offer completed in November 2020, all due to the strong core deposit growth, partially offset by $2.8 billion of debt assumed in the late-quarter TCF acquisition.

2021 Second Quarter versus 2021 First Quarter

Net interest income decreased $134 million, or 14%, compared to the 2021 first quarter. FTE net interest income, a non-GAAP financial measure, decreased $134 million, or 14%, compared to the 2021 first quarter, reflecting an 82 basis point decrease in the FTE net interest margin, partially offset by a $13.3 billion, or 12% increase in average earning assets. Both the net interest income decrease and the NIM decrease reflected the net impacts of the mark-to-market of interest rate caps and the decrease in deferred PPP loan fees recognized upon receipt of forgiveness payments from the SBA. The mark-to-market of interest rate caps was a detriment of $55 million in the 2021 second quarter compared to a benefit of $144 million in the 2021 first quarter. The accelerated recognition of deferred PPP loan fees were $30 million in the 2021 second quarter compared to $45 million in the 2021 first quarter. In addition, 2021 second quarter FTE net interest income was impacted by the late-quarter TCF acquisition.

Average earning assets increased $13.3 billion, or 12%, primarily reflecting a $7.2 billion, or 9%, increase in average loans and leases and a $4.5 billion, or 17%, increase in average securities. Average balances across earning assets categories reflect the late-quarter TCF acquisition. The increase in average loan and lease growth was partially offset by the reduction of PPP loans due to forgiveness. The increase in average securities additionally reflected the purchase of securities to deploy excess liquidity.

Average total interest-bearing liabilities increased $7.1 billion, or 9%, when compared to the 2021 first quarter. Average total deposits increased $13.4 billion, or 13%, and average total core deposits increased $13.6 billion, or 14%. The increase in average total interest-bearing liabilities and deposits was primarily impacted by the late-quarter TCF acquisition. Specifically, within core deposits, average total demand deposits increased $8.4 billion, or 15%. Average total debt decreased $0.8 billion, or 11%, reflecting repayment of short-term borrowings and the repayment and maturity of $2.4 billion of long-term debt during the last two quarters, partially offset by $2.8 billion of debt assumed in the late-quarter TCF acquisition.

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

(dollar amounts in millions)

	YTD Average Balances				YTD Average Rates (1)	
	Six Months Ended June 30,		Change		Six Months Ended June 30,	
Fully-taxable equivalent basis (2)	2021	2020	Amount	Percent	2021	2020
Assets:						
Interest-bearing deposits at Federal Reserve Bank	$ 6,855	$ 2,047	$ 4,808	235 %	0.11 %	0.26 %
Interest-bearing deposits in banks	248	159	89	56	0.03	0.89
Securities:						
Trading account securities	50	67	(17)	(25)	3.32	2.86
Available-for-sale securities:						
Taxable	17,476	11,425	6,051	53	1.33	2.46
Tax-exempt	2,742	2,740	2	—	2.46	3.03
Total available-for-sale securities	20,218	14,165	6,053	43	1.48	2.57
Held-to-maturity securities—taxable	7,772	9,613	(1,841)	(19)	1.98	2.44
Other securities	447	460	(13)	(3)	1.69	1.30
Total securities	28,487	24,305	4,182	17	1.63	2.50
Loans held for sale	1,343	952	391	41	2.71	3.30
Loans and leases: (3)						
Commercial:						
Commercial and industrial	33,145	30,753	2,392	8	3.80	3.74
Commercial real estate:						
Construction	1,182	1,183	(1)	—	3.50	4.19
Commercial	6,952	5,726	1,226	21	2.87	3.45
Commercial real estate	8,134	6,909	1,225	18	2.96	3.58
Lease financing	2,500	2,313	187	8	5.08	5.41
Total commercial	43,779	39,975	3,804	10	3.72	3.81
Consumer:						
Automobile	12,729	12,803	(74)	(1)	3.67	3.95
Residential mortgage	12,936	11,427	1,509	13	3.08	3.60
Home equity	9,093	8,961	132	1	3.75	4.24
RV and marine	4,320	3,648	672	18	4.21	4.81
Other consumer	1,010	1,133	(123)	(11)	10.65	11.77
Total consumer	40,088	37,972	2,116	6	3.73	4.23
Total loans and leases	83,867	77,947	5,920	8	3.72	4.01
Allowance for loan and lease losses	(1,818)	(1,398)	(420)	(30)		
Net loans and leases	82,049	76,549	5,500	7		
Total earning assets	120,800	105,410	15,390	15	3.03 %	3.60 %
Cash and due from banks	1,093	1,106	(13)	(1)		
Goodwill and other intangible assets	2,618	2,211	407	18		
All other assets	7,761	6,840	921	13		
Total assets	$ 130,454	$ 114,169	$ 16,285	14 %		
Liabilities and Shareholders' Equity:						
Interest-bearing deposits:						
Demand deposits—interest-bearing	$ 28,279	$ 22,540	$ 5,739	25 %	0.04 %	0.24 %
Money market deposits	27,190	25,213	1,977	8	0.06	0.60
Savings and other domestic deposits	13,743	10,120	3,623	36	0.04	0.14
Core certificates of deposit (4)	1,487	3,028	(1,541)	(51)	0.36	1.71
Other domestic deposits of $250,000 or more	309	720	(411)	(57)	0.15	1.81
Negotiable CDs, brokered and other deposits	3,169	3,499	(330)	(9)	0.17	0.61
Total interest-bearing deposits	74,177	65,120	9,057	14	0.06	0.47
Short-term borrowings	224	2,105	(1,881)	(89)	0.34	1.26
Long-term debt	7,324	9,939	(2,615)	(26)	(0.78)	2.64
Total interest-bearing liabilities	81,725	77,164	4,561	6	(0.02)	0.77
Demand deposits—noninterest-bearing	31,841	22,857	8,984	39	—	—
All other liabilities	2,512	2,358	154	7		
Total Huntington Bancshares Inc shareholders' equity	14,376	11,790	2,586	22		
Non-controlling interest	—	—	—	—		
Total Equity	14,376	11,790	2,586	22		
Total liabilities and shareholders' equity	$ 130,454	$ 114,169	$ 16,285	14 %		
Net interest rate spread					3.05	2.83
Impact of noninterest-bearing funds on margin					(0.01)	0.21
Net interest margin					3.04 %	3.04 %

(1) Average yield rates include the impact of applicable derivatives. Loan and lease and deposit average yield rates also include impact of applicable non-deferrable and amortized fees.
(2) FTE yields are calculated assuming a 21% tax rate.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans.
(4) Includes consumer certificates of deposit of $250,000 or more.

2021 First Six Months versus 2020 First Six Months

Net interest income for the first six-month period of 2021 increased $228 million, or 14%. FTE net interest income, a non-GAAP financial measure, for the first six-month period of 2021 increased $229 million, or 14%. The increase in FTE net interest income reflected the benefit of a $15.4 billion, or 15%, increase in average total earning assets. FTE NIM was unchanged at 3.04%. Average loans and leases increased $5.9 billion, or 8%, primarily reflecting an increase in average C&I loans, inclusive of an increase in average PPP loans, and an increase in average residential mortgage loans and commercial real estate loans. Average earning asset yields decreased 57 basis points due to lower interest rates on loans (down 29 basis points), a decline in securities yields and elevated deposits at the Federal Reserve Bank. Average funding costs decreased 79 basis points, primarily driven by lower cost of interest-bearing deposits (down 41 basis points) and the net impact of the mark-to-market of interest rate caps (benefit of 15 basis points). The benefit from noninterest-bearing funding declined 22 basis points.

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 expected over the life of the loan and lease portfolio and unfunded lending commitments.

The provision for credit losses for the 2021 second quarter was $211 million, a decrease of $116 million, or 35%, compared to the 2020 second quarter. On a year-to-date basis, provision for credit losses for the first six-month period of 2021 was $151 million, a decrease of $617 million, or 80%, compared to the year-ago period. The reduction in provision expense over the prior year quarter and the prior year-to-date was primarily attributed to the improvement in the forecasted macroeconomic environment resulting from anticipated lower unemployment and higher GDP, partially offset by the TCF acquisition initial provision for credit losses of $294 million ($234 million from non-PCD loans and leases and $60 million from acquired unfunded lending commitments) (See Credit Quality discussion).

Noninterest Income

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

Table 5 - Noninterest Income

	Three Months Ended			2Q21 vs. 2Q20 Change		2Q21 vs. 1Q21 Change	
(dollar amounts in millions)	June 30, 2021	March 31, 2021	June 30, 2020	Amount	Percent	Amount	Percent
Mortgage banking income	$ 67	$ 100	$ 96	$ (29)	(30)%	$ (33)	(33)%
Service charges on deposit accounts	88	69	60	28	47	19	28
Card and payment processing income	80	65	59	21	36	15	23
Trust and investment management services	56	52	45	11	24	4	8
Leasing revenue	12	4	7	5	71	8	200
Capital markets fees	35	29	31	4	13	6	21
Insurance income	25	27	25	—	—	(2)	(7)
Bank owned life insurance income	16	16	17	(1)	(6)	—	—
Gain on sale of loans	3	3	8	(5)	(63)	—	—
Net gains (losses) on sales of securities	10	—	(1)	11	1,100	10	100
Other noninterest income	52	30	44	8	18	22	73
Total noninterest income	$ 444	$ 395	$ 391	$ 53	14 %	$ 49	12 %

2021 Second Quarter versus 2020 Second Quarter

Total noninterest income for the 2021 second quarter increased $53 million, or 14%, from the year-ago quarter. Service charges on deposit accounts increased $28 million, or 47%, primarily reflecting normalization of customer activity versus fee waivers due to COVID-19 in the year-ago quarter. Card and payment processing income increased $21 million, or 36%, primarily reflecting higher debit card usage. Trust and investment management services increased $11 million, or 24%, reflecting continued strong net asset flows and positive equity market performance over the prior twelve months. Net gains (losses) on sales of securities increased $11 million, reflecting securities portfolio optimization. Partially offsetting these increases, mortgage banking income, decreased $29 million, or 30%, primarily reflecting lower secondary marketing spreads and a decrease in salable mortgage originations, in addition to lower net mortgage servicing income. In addition to these changes, 2021 second quarter noninterest income across categories was impacted by the late-quarter acquisition of TCF.

2021 Second Quarter versus 2021 First Quarter

Compared to the 2021 first quarter, total noninterest income increased $49 million, or 12%. Other noninterest income increased $22 million, or 73%, primarily reflecting the unfavorable Visa Class B derivative fair value adjustment in the prior quarter, increased amortization of upfront card-related contract renewal fees, and increased mezzanine investment income. Service charges on deposit accounts increased $19 million, or 28%, primarily reflecting normalization of customer activity. Card and payment processing income increased $15 million, or 23%, primarily reflecting higher debit card usage. Gains on sales of securities increased $10 million, reflecting securities portfolio optimization. Partially offsetting these increases, mortgage banking income decreased $33 million, or 33%, primarily reflecting a decrease in salable mortgage originations, lower secondary marketing spreads, and a decrease in net MSR risk management activities. In addition to these changes, 2021 second quarter noninterest income across categories was impacted by the late-quarter acquisition of TCF.

Table 6 - Noninterest Income—2021 First Six Months Ended vs. 2020 First Six Months Ended

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2021	2020	Amount	Percent
Mortgage banking income	$ 167	$ 154	$ 13	8 %
Service charges on deposit accounts	157	148	9	6
Card and payment processing income	145	117	28	24
Trust and investment management services	108	92	16	17
Leasing revenue	16	10	6	60
Capital markets fees	64	64	—	—
Insurance income	52	48	4	8
Bank owned life insurance income	32	32	—	—
Gain on sale of loans	6	17	(11)	(65)
Net gains (losses) on sales of securities	10	(1)	11	1,100
Other noninterest income	82	71	11	15
Total noninterest income	$ 839	$ 752	$ 87	12 %

Noninterest income for the first six-month period of 2021 increased $87 million, or 12%, from the year-ago period. Card and payment processing income increased $28 million, or 24%, primarily reflecting an increase in debit card usage largely from reduced customer activity as a result of the pandemic stay-at-home orders in the prior year period. Trust and investment management services increased $16 million, or 17%, primarily reflecting higher sales production and overall market performance. Mortgage banking increased $13 million, or 8%, reflecting increased salable volume partially offset by lower secondary marketing spreads. Service charges on deposit accounts increased $9 million, or 6%, as the prior year period reflected pandemic-related fee waivers. Other income increased $11 million or 15% primarily reflecting increased mezzanine investment income and increased amortization of upfront card-related contract renewal fees, partially offset by an unfavorable Visa Class B derivative fair value adjustment in the current year, as well as the gain on the annuitization of a retiree health plan in the prior year period. Net gains (losses) on sales of securities increased $11 million, reflecting securities portfolio optimization. These increases were offset by an $11 million decrease in gain on sale of loans reflecting lower SBA loan sales resulting from the strategic decision to retain SBA loans on the balance sheet. In addition to these changes, first six-month period of 2021 noninterest income across categories was impacted by the late-quarter acquisition of TCF.

Noninterest Expense

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

Table 7 - Noninterest Expense

(dollar amounts in millions)	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended June 30, 2020	2Q21 vs. 2Q20 Change Amount	2Q21 vs. 2Q20 Change Percent	2Q21 vs. 1Q21 Change Amount	2Q21 vs. 1Q21 Change Percent
Personnel costs	$ 592	$ 468	$ 418	$ 174	42 %	$ 124	26 %
Outside data processing and other services	162	115	90	72	80	47	41
Equipment	55	46	46	9	20	9	20
Net occupancy	72	42	39	33	85	30	71
Lease financing equipment depreciation	5	—	1	4	400	5	100
Professional services	48	17	11	37	336	31	182
Amortization of intangibles	11	10	10	1	10	1	10
Marketing	15	14	5	10	200	1	7
Deposit and other insurance expense	8	8	9	(1)	(11)	—	—
Other noninterest expense	104	73	46	58	126	31	42
Total noninterest expense	$ 1,072	$ 793	$ 675	$ 397	59 %	$ 279	35 %
Number of employees (average full-time equivalent)	17,018	15,449	15,703	1,315	8 %	1,569	10 %

Impacts of TCF acquisition-related net expenses:

(dollar amounts in millions)	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended June 30, 2020
Personnel costs	$ 110	$ —	$ —
Outside data processing and other services	33	8	—
Net occupancy	35	3	—
Equipment	3	1	—
Professional services	36	8	—
Marketing	—	—	—
Other noninterest expense	52	1	—
Total noninterest expense adjustments	$ 269	$ 21	$ —

2021 Second Quarter versus 2020 Second Quarter

Total noninterest expense for the 2021 second quarter increased $397 million or 59%, from the year-ago quarter. Personnel costs increased $174 million, or 42%, primarily reflecting TCF acquisition-related expense and higher salaries and incentives related to an 8% increase in average full-time equivalent employees, and an increase in medical insurance expense due to lower costs in the prior year. Outside data processing and other services increased $72 million, or 80%, reflecting technology investments to support our strategic growth initiatives and TCF acquisition-related expense. Professional services expense increased $37 million, or 336%, and net occupancy expense increased $33 million, or 85%, both primarily due to TCF acquisition-related expense. Marketing expense increased $10 million, or 200%, reflecting an increase in brand marketing in new markets and a return to pre-pandemic spend levels. Other noninterest expense increased $58 million, or 126%, primarily due to TCF acquisition-related expense and an increase in foundation donations. In addition to these changes, 2021 second quarter noninterest expense across categories was impacted by the late-quarter acquisition of TCF.

2021 Second Quarter versus 2021 First Quarter

Total noninterest expense increased $279 million, or 35%, from the 2021 first quarter. Personnel costs increased $124 million, or 26%, outside data processing and other services increased $47 million, or 41%, professional services increased $31 million, or 182%, and net occupancy increased $30 million, or 71%, primarily due to an increase in TCF acquisition-related expenses. Other noninterest expense increased $31 million, or 42%, primarily due to TCF acquisition-related expense and an increase in foundation donations. In addition to these changes, 2021 second quarter noninterest expense across categories was impacted by the late-quarter acquisition of TCF.

Table 8 - Noninterest Expense—2021 First Six Months Ended vs. 2020 First Six Months Ended

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2021	2020	Amount	Percent
Personnel costs	$ 1,060	$ 814	$ 246	30 %
Outside data processing and other services	277	175	102	58
Equipment	101	87	14	16
Net occupancy	114	79	35	44
Lease financing equipment depreciation	5	1	4	400
Professional services	65	22	43	195
Amortization of intangibles	21	21	—	—
Marketing	29	14	15	107
Deposit and other insurance expense	16	18	(2)	(11)
Other noninterest expense	177	96	81	84
Total noninterest expense	$ 1,865	$ 1,327	$ 538	41 %

Impacts of TCF acquisition-related net expenses:

	Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020
Personnel costs	$ 110	$ —
Outside data processing and other services	41	—
Net occupancy	38	—
Equipment	4	—
Professional services	44	—
Marketing	—	—
Other noninterest expense	53	—
Total noninterest expense adjustments	$ 290	$ —

Noninterest expense increased $538 million, or 41%, from the year-ago period. Personnel costs increased $246 million, or 30%, primarily reflecting TCF acquisition-related expense, increased salaries, incentives and commissions, and medical insurance expense. Outside data processing and other services increased $102 million, or 58%, primarily reflecting TCF acquisition-related expense and technology investments. Professional services expense increased $43 million, or 195%, and net occupancy expense increased $35 million, or 44%, primarily reflecting TCF acquisition-related expense. Marketing expense increased $15 million, or 107%, primarily reflecting investment in new product launches and brand marketing in new markets and a return to pre-pandemic levels. Other noninterest expense increased $81 million, or 84%, primarily as a result of TCF acquisition-related expense and increase in foundation donations. In addition to these changes, first six-month period of 2021 noninterest expense across categories was impacted by the late-quarter acquisition of TCF.

Provision for Income Taxes

The provision for income taxes in the 2021 second quarter was $14 million, compared with $31 million in the 2020 second quarter and $102 million in the 2021 first quarter. The provision for income taxes for the six-month periods ended June 30, 2021 and June 30, 2020 was $116 million and $41 million, respectively. All periods included the benefits from tax-exempt income, tax-advantaged investments, general business credits, investments in qualified affordable housing projects, and capital losses. The effective tax rates for the 2021 second quarter, 2020 second quarter, and 2021 first quarter were (2,353.3)%, 17.2%, and 16.1%, respectively. Excluding TCF acquisition-related expenses of $269 million, the related tax benefit of $51 million and discrete tax expenses of $16 million, the 2021 second quarter effective tax rate would have been 18.8%. The effective tax rates for the six-month periods ended June 30, 2021 and June 30, 2020 were 18.5% and 17.2%, respectively.

The net federal deferred tax liability was $179 million and the net state deferred tax asset was $27 million at June 30, 2021.

We file income tax returns with the IRS and various state, city, and foreign jurisdictions. Federal income tax audits have been completed for tax years through 2009. The 2010 and 2011 tax years remain under exam by the IRS. While the statute of limitations remains open for tax years 2012 through 2019, the IRS has advised that tax years 2012 through 2014 will not be audited and is currently examining the 2015 and 2016 federal income tax returns. Also, with few exceptions, the Company is no longer subject to state and local income tax examinations for tax years before 2016.

RISK MANAGEMENT AND CAPITAL

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

We believe that our primary risk exposures are credit, market, liquidity, operational and compliance. More information on risk can be found in the Risk Factors section included in Item 1A of our 2020 Annual Report on Form 10-K and subsequent filings with the SEC. The MD&A included in our 2020 Annual Report on Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2020 Annual Report on Form 10-K. This MD&A should also be read in conjunction with the Unaudited Condensed Consolidated Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, and other information contained in this report. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2020 Annual Report on Form 10-K.

Credit Risk

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have credit risk associated with our investment securities portfolios (see Note 3 "Investment Securities and Other Securities" of the Notes to the Unaudited Condensed Consolidated Financial Statements). We engage with other financial counterparties for a variety of purposes including investing, asset and liability management, mortgage banking, and trading activities. A variety of derivative financial instruments, principally interest rate swaps, caps, floors, and collars, are used in asset and liability management activities to protect against the risk of adverse price or interest rate movements. We also use derivatives, principally loan sale commitments, in hedging our mortgage loan interest rate lock commitments and its mortgage loans held for sale. While there is credit risk associated with derivative activity, we believe this exposure is minimal.

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

Loan and Lease Credit Exposure Mix

Refer to the "*Loan and Lease Credit Exposure Mix*" section of our 2020 Annual Report on Form 10-K for a brief description of each portfolio segment.

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

Table 9 - Loan and Lease Portfolio Composition

(dollar amounts in millions)	June 30, 2021		December 31, 2020	
Commercial:				
Commercial and industrial	$ 41,900	38 %	$ 33,151	40 %
Commercial real estate:				
Construction	1,926	2	1,035	1
Commercial	12,848	11	6,164	8
Commercial real estate	14,774	13	7,199	9
Lease financing	5,027	4	2,222	3
Total commercial	61,701	55	42,572	52
Consumer:				
Automobile	13,174	12	12,778	16
Residential mortgage	18,729	17	12,141	15
Home Equity	11,317	10	8,894	11
RV and marine	4,960	4	4,190	5
Other consumer	2,024	2	1,033	1
Total consumer	50,204	45	39,036	48
Total loans and leases	$ 111,905	100 %	$ 81,608	100 %

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

Commercial Credit

Refer to the "*Commercial Credit*" section of our 2020 Annual Report on Form 10-K for our commercial credit underwriting and on-going credit management processes.

Consumer Credit

Refer to the "*Consumer Credit*" section of our 2020 Annual Report on Form 10-K for our consumer credit underwriting and on-going credit management processes.

The table below provides our total loan and lease portfolio segregated by industry type. The changes in the industry composition from December 31, 2020 primarily relate to the TCF acquisition along with portfolio growth.

Table 10 - Loan and Lease Portfolio by Industry Type

(dollar amounts in millions)	June 30, 2021		December 31, 2020	
Commercial loans and leases:				
Real estate and rental and leasing	$ 13,944	12 %	$ 6,962	9 %
Manufacturing	7,243	6	5,556	7
Retail trade (1)	6,106	5	5,111	6
Health care and social assistance	5,249	5	3,646	4
Accommodation and food services	4,047	4	3,100	4
Finance and insurance	4,017	4	3,389	4
Wholesale trade	3,755	3	2,652	3
Transportation and warehousing	3,250	3	1,401	2
Construction	2,340	2	1,389	2
Professional, scientific, and technical services	2,099	2	2,051	3
Other services	1,928	2	1,613	2
Arts, entertainment, and recreation	1,578	1	744	1
Admin./Support/Waste Mgmt. and Remediation Services	1,482	1	975	1
Educational services	846	1	735	1
Information	812	2	829	1
Public administration	776	1	662	1
Utilities	766	1	793	1
Mining, quarrying, and oil and gas extraction	561	—	601	—
Agriculture, forestry, fishing and hunting	451	—	157	—
Unclassified/Other	316	—	62	—
Management of companies and enterprises	135	—	144	—
Total commercial loans and leases by industry category	61,701	55	42,572	52
Automobile	13,174	12	12,778	16
Residential mortgage	18,729	17	12,141	15
Home equity	11,317	10	8,894	11
RV and marine	4,960	4	4,190	5
Other consumer loans	2,024	2	1,033	1
Total loans and leases	$ 111,905	100 %	$ 81,608	100 %

(1) Amounts include $1.3 billion and $2.4 billion of auto dealer services loans at June 30, 2021 and December 31, 2020, respectively.

Credit Quality

(This section should be read in conjunction with Note 4 "Loans / Leases" and Note 5 "Allowance for Credit Losses" of the Notes to Unaudited Condensed Consolidated Financial Statements.)

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

Credit quality performance in the 2021 second quarter reflected total NCOs as a percent of average loans, annualized, of 0.28%, a decrease from 0.32% in the prior quarter. Total NCOs were $62 million, a decrease of $2 million from the prior quarter, driven by a $12 million decrease in Consumer NCOs, partially offset by a $10 million increase in Commercial NCOs. NPAs increased from the prior quarter by $470 million or 86%, largely driven by the TCF acquisition.

NPAs, NALs, AND TDRs

(This section should be read in conjunction with Note 5 "Loans / Leases" and Note 6 "Allowance for Credit Losses" of the Notes to Unaudited Condensed Consolidated Financial Statements and "Credit Quality" section appearing in Huntington's 2020 Annual Report on Form 10-K.)

NPAs and NALs

Commercial loans are placed on nonaccrual status at 90-days past due, or earlier if repayment of principal and interest is in doubt. Of the $748 million of commercial related NALs at June 30, 2021, $526 million, or 70%, represented loans that were less than 30-days past due, demonstrating our continued commitment to proactive credit risk management.

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

Table 11 - Nonaccrual Loans and Leases and Nonperforming Assets

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Nonaccrual loans and leases (NALs):		
Commercial and industrial	$ 591	$ 349
Commercial real estate	83	15
Lease financing	74	4
Automobile	3	4
Residential mortgage	130	88
Home equity	91	70
RV and marine	5	2
Other consumer	—	—
Total nonaccrual loans and leases	977	532
Other real estate, net:		
Residential	5	4
Commercial	2	—
Total other real estate, net	7	4
Other NPAs (1)	30	27
Total nonperforming assets	$ 1,014	$ 563
Nonaccrual loans and leases as a % of total loans and leases	0.87 %	0.65 %
NPA ratio (2)	0.91	0.69

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

2021 Second Quarter versus 2020 Fourth Quarter.

Total NPAs increased $451 million, or 80%, compared with December 31, 2020, largely driven by the TCF acquisition.

TDR Loans

(This section should be read in conjunction with Note 5 "Loans / Leases" of the Notes to Unaudited Condensed Consolidated Financial Statements and TDR Loans section appearing in Huntington's 2020 Annual Report on Form 10-K.)

Over the past five quarters, the accruing component of the total TDR balance has been consistently over 75%, indicating there is no identified credit loss and the borrowers continue to make their monthly payments. As of June 30, 2021, over 81% of the $419 million of accruing TDRs secured by residential real estate (residential mortgage and home equity in Table 12) are current on their required payments, with over 58% of the accruing pool having had no delinquency in the past 12 months. There is limited migration from the accruing to nonaccruing components, and virtually all of the charge-offs come from the nonaccruing TDR balances.

TDRs identified by TCF prior to acquisition date are not included in our TDR disclosures as all such loans and leases were recorded at fair value as of the acquisition date. Subsequent modifications are evaluated for potential treatment as TDRs in accordance with Huntington's accounting policies.

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

Table 12 - Accruing and Nonaccruing Troubled Debt Restructured Loans (1)

(dollar amounts in millions)	June 30, 2021	December 31, 2020
TDRs—accruing:		
Commercial and industrial	$ 130	$ 193
Commercial real estate	26	33
Lease financing	—	—
Automobile	48	50
Residential mortgage	247	248
Home equity	172	187
RV and marine	7	6
Other consumer	8	9
Total TDRs—accruing	638	726
TDRs—nonaccruing:		
Commercial and industrial	92	95
Commercial real estate	2	3
Lease financing	—	—
Automobile	2	2
Residential mortgage	51	51
Home equity	27	30
RV and marine	1	1
Total TDRs—nonaccruing	175	182
Total TDRs	$ 813	$ 908

(1) Loan modifications under the CARES Act, as amended and interagency regulatory guidance are not considered TDRs.

Overall TDRs decreased in the quarter, primarily related to a decline in the C&I portfolio. Huntington continues to proactively work with our borrowing relationships that require assistance. The resulting loan structures enable our borrowers to meet their commitments and Huntington to retain earning assets. The accruing TDRs meet the well secured definition and have demonstrated a period of satisfactory payment performance.

ACL

(This section should be read in conjunction with Note 5 "Allowance for Credit Losses" of the Notes to Unaudited Condensed Consolidated Financial Statements.)

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

The models used within our loan and lease portfolio incorporate historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. We make various judgments combined with historical loss experience to generate a loss rate that is applied to the outstanding loan or receivable balance to produce a reserve for expected credit losses.

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

These three parameters, PD, EAD, and LGD are utilized to estimate the cumulative credit losses over the remaining expected life of the loan. We also consider the likelihood a previously charged-off account will be recovered. This calculation is dependent on how long ago the account was charged-off and future economic conditions, which estimate the likelihood and magnitude of recovery. Our models are developed using internal historical loss experience covering the full economic cycle and consider the impact of account characteristics on expected losses.

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

The macroeconomic scenarios evaluated by Huntington during the 2021 second quarter continued to reflect the impact of the COVID-19 pandemic. The baseline scenario used for the quarter assumes that the worst of the economic disruption from the pandemic has passed, with the expectation that subsequent waves of the virus will not carry the same level of economic disruption experienced to date. The unemployment variable is incorporated within our models as both a rate of change variable and an absolute level variable. Historically, changes in unemployment have taken gradual paths resulting in more measured impacts each quarter.

The table below is intended to show how the forecasted path of these key macroeconomic variables has changed since the end of 2020:

Table 13 - Forecasted Key Macroeconomic Variables

Baseline scenario forecast	2020	2021		2022	
	Q4	Q2	Q4	Q2	Q4
Unemployment rate (1)					
4Q 2020	7.2 %	7.5 %	7.2 %	6.4 %	5.5 %
1Q 2021	N/A	6.3	5.7	5.0	4.5
2Q 2021	N/A	5.9	4.5	3.7	3.5
Gross Domestic Product (1)					
4Q 2020	3.0 %	3.8 %	5.8 %	4.4 %	3.9 %
1Q 2021	N/A	5.2	5.8	5.3	3.5
2Q 2021	N/A	10.6	6.5	2.7	1.9

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

The uncertainty related to the COVID-19 pandemic prompted management to continue to assess the macroeconomic environment through the end of the quarter. Management considered multiple macroeconomic forecasts that reflected a range of possible outcomes in order to capture the severity of and the economic disruption associated with the pandemic. While we have incorporated our estimated impact of COVID-19 into our ACL, the ultimate impact of COVID-19 remains uncertain, including how long economic activities will be impacted and what effect the unprecedented levels of government fiscal and monetary actions will have on the economy and our credit losses.

Given significant COVID-19 specific government relief programs and additional stimulus spending enacted into law during the first quarter 2021, as well as certain limitations of our models in the current economic environment particularly the level of unemployment, management developed additional analytics to support adjustments to our modeled results. Our governance committees reviewed model results of each economic scenario for appropriate usage, concluding that the quantitative transactional reserve (collectively assessed) will continue to utilize the scenario weighting approach established in prior quarters. Given the impact of the unemployment variable utilized within the models and the uncertainty associated with key economic scenario assumptions, the June 30, 2021 ACL included a material general reserve component as well as additional industry specific risk profiles to capture economic uncertainty not addressed within the quantitative transaction reserve.

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

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

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

(dollar amounts in millions)	June 30, 2021		December 31, 2020	
ALLL				
Commercial				
Commercial and industrial	$ 1,030	38 %	$ 879	40 %
Commercial real estate	499	13	297	9
Lease financing	89	4	60	3
Total commercial	1,618	55	1,236	52
Consumer				
Automobile	141	12	166	16
Residential mortgage	125	17	79	15
Home equity	140	10	124	11
RV and marine	114	4	129	5
Other consumer	80	2	80	1
Total consumer	600	45	578	48
Total ALLL	2,218	100 %	1,814	100 %
AULC	104		52	
Total ACL	$ 2,322		$ 1,866	
Total ALLL as a % of				
Total loans and leases		1.98%		2.22%
Nonaccrual loans and leases		227		341
NPAs		219		323
Total ACL as % of				
Total loans and leases		2.08%		2.29%
Nonaccrual loans and leases		238		351
NPAs		229		332

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

2021 Second Quarter versus 2020 Fourth Quarter

At June 30, 2021, the ALLL was $2.2 billion, an increase of $404 million compared to the December 31, 2020 balance of $1.8 billion reflecting the impact of the TCF acquisition. The ALLL to total loans and leases ratio decreased 24 basis points to 1.98%

The ACL to total loans and leases ratio was 2.08% at June 30, 2021 compared to 2.29% at December 31, 2020. The decrease primarily reflects an improvement in the economic outlook.

NCOs

Table 15 - Quarterly Net Charge-off Analysis

	Three Months Ended		
(dollar amounts in millions)	June 30, 2021	March 31, 2021	June 30, 2020
Net charge-offs (recoveries) by loan and lease type:			
Commercial:			
Commercial and industrial	$ 37	$ 28	$ 80
Commercial real estate:			
Construction	—	—	1
Commercial	17	(3)	(1)
Commercial real estate	17	(3)	—
Lease Financing	5	24	—
Total commercial	59	49	80
Consumer:			
Automobile	(4)	2	10
Residential mortgage	—	—	—
Home equity	(1)	—	—
RV and marine	—	3	4
Other consumer	8	10	13
Total consumer	3	15	27
Total net charge-offs (1)	$ 62	$ 64	$ 107
Net charge-offs (recoveries) - annualized percentages:			
Commercial:			
Commercial and industrial	0.43 %	0.35 %	0.96 %
Commercial real estate:			
Construction	(0.04)	(0.04)	(0.01)
Commercial	0.81	(0.17)	(0.03)
Commercial real estate	0.69	(0.15)	(0.03)
Lease financing	0.93	4.32	0.01
Total commercial	0.51	0.47	0.75
Consumer:			
Automobile	(0.13)	0.05	0.31
Residential mortgage	—	0.01	0.02
Home equity	(0.08)	0.02	0.08
RV and marine	0.02	0.29	0.37
Other consumer	3.13	3.99	4.80
Total consumer	0.02	0.16	0.30
Net charge-offs as a % of average loans (1)	0.28 %	0.32 %	0.54 %

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

2021 Second Quarter versus 2021 First Quarter

NCOs were an annualized 0.28% of average loans and leases in the current quarter, decreasing from 0.32% in the 2021 first quarter, and below our average through-the-cycle target range of 0.35% - 0.55%. Annualized NCOs for the commercial portfolios were 0.51% in the current quarter compared to 0.47% in the 2021 first quarter. Consumer charge-offs were lower across all products, consistent with our expectations and reflecting strong recoveries.

The table below reflects NCO detail for the six-month periods ended June 30, 2021 and 2020:

Table 16 - Year to Date Net Charge-off Analysis

(dollar amounts in millions)

	Six months ended June 30, 2021	Six months ended June 30, 2020
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	$ 65	$ 163
Commercial real estate:		
Construction	—	1
Commercial	14	(2)
Commercial real estate	14	(1)
Lease financing	29	1
Total commercial	108	163
Consumer:		
Automobile	(2)	17
Residential mortgage	—	1
Home equity	(1)	5
RV and marine	3	6
Other consumer	18	32
Total consumer	18	61
Total net charge-offs (1)	$ 126	$ 224

	Six months ended June 30, 2021	Six months ended June 30, 2020
Net charge-offs (recoveries) - annualized percentages:		
Commercial:		
Commercial and industrial	0.39 %	1.06 %
Commercial real estate:		
Construction	(0.04)	0.04
Commercial	0.38	(0.04)
Commercial real estate	0.32	(0.03)
Lease financing	2.42	0.11
Total commercial	0.49	0.81
Consumer:		
Automobile	(0.04)	0.26
Residential mortgage	0.01	0.02
Home equity	(0.03)	0.14
RV and marine	0.15	0.32
Other consumer	3.54	5.66
Total consumer	0.09	0.33
Net charge-offs as a % of average loans (1)	0.30 %	0.58 %

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

2021 First Six Months versus 2020 First Six Months

NCOs decreased $98 million in the first six-month period of 2021 to $126 million. The decrease was evident across both the Commercial and Consumer portfolios. The Commercial decrease was primarily a function of elevated losses associated within the oil and gas portfolio in 2020, while the Consumer improvement was broad based.

Market Risk

(This section should be read in conjunction with the "Market Risk" section appearing in Huntington's 2020 Annual Report on Form 10-K for our on-going market risk management processes.)

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

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

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

Table 17 - Net Interest Income at Risk

	Net Interest Income at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits	-1.3%	-2.0%	-4.0%
June 30, 2021	-1.0	2.9	6.2
December 31, 2020	-1.1	3.4	7.3

The NII at Risk results included in the table above reflect the analysis used monthly by management. It models gradual ("ramp" as defined above) +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next twelve months as well as an instantaneous parallel shock of -25 basis points.

Huntington's NII at Risk is within the Board of Directors' policy limits for the -25, +100 and +200 basis point scenarios. The NII at Risk shows that the balance sheet is asset sensitive at both June 30, 2021, and December 31, 2020. The change in sensitivity is primarily driven by changes in market rate expectations, and the size and mix of the balance sheet.

Table 18 - Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits	-1.5%	-6.0%	-12.0%
June 30, 2021	0.1	-2.0	-6.1
December 31, 2020	-0.7	1.4	-0.1

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 ("shocks" as defined above) in market interest rates.

Huntington is within the Board of Directors' policy limits for the -25, +100 and +200 basis point scenarios. As of June 30, 2021, EVE depicts a liability sensitive (long duration) balance sheet profile. The change in sensitivity from December 31, 2020's asset sensitive (short duration) position was driven primarily by changes in the spot market rate curve impacting forecasted runoff expectations, and the size and composition of the balance sheet as a result of the TCF acquisition.

Use of Derivatives to Manage Interest Rate Risk

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

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

The following table presents additional information about the interest rate swaps, caps and floors used in Huntington's asset and liability management activities at June 30, 2021 and December 31, 2020.

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

	June 30, 2021				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Fixed Rate	Weighted-Average LIBOR Reset Rate
Asset conversion swaps					
Receive Fixed - Pay 1 month LIBOR	$ 7,275	1.66	$ 187	1.75 %	0.08 %
Pay Fixed - Receive 1 month LIBOR (1)	817	8.40	25	0.76	0.09
Pay Fixed - Receive 1 month LIBOR - forward starting (2)	4,384	4.72	16	0.82	
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	4,651	1.80	190	2.21	0.08
Receive Fixed - Pay 3 month LIBOR	150	3.66	10	4.60	2.58
Basis Swaps					
Pay SOFR- Receive Fed Fund (economic hedges) (3)	230	4.16	—	0.10	0.06
Pay Fed Fund - Receive SOFR (economic hedges) (3)	41	1.48	—	0.05	0.10
Total swap portfolio	$ 17,548		$ 428		

	June 30, 2021				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Strike	Weighted-Average LIBOR Reset Rate
Interest rate floors					
Purchased Interest Rate Floors - 1 month LIBOR	$ 475	0.44	$ 5	1.95 %	0.09 %
Purchased Floor Spread - 1 month LIBOR	2,700	3.07	67	0.76 / 1.71	0.09
Purchased Floor Spread - 1 month LIBOR (economic hedges)	1,200	1.70	17	1.08 / 1.88	0.08
Total floors and caps portfolio	$ 4,375		$ 89		

(dollar amounts in millions)	December 31, 2020 Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Fixed Rate	Weighted-Average LIBOR Reset Rate
Asset conversion swaps					
Receive Fixed - Pay 1 month LIBOR	$ 6,525	2.03	$ 231	1.81 %	0.15 %
Pay Fixed - Receive 1 month LIBOR (1)	3,076	1.99	3	0.17	0.15
Receive Fixed - Pay 1 month LIBOR - forward starting (4)	750	3.29	23	1.24	—
Pay Fixed - Receive 1 month LIBOR - forward starting (5)	408	9.08	2	0.68	—
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	5,397	2.02	262	2.28	0.15
Receive Fixed - Pay 3 month LIBOR	800	0.21	5	1.31	0.22
Basis Swaps					
Pay SOFR- Receive Fed Fund (economic hedges) (3)	230	4.66	—	0.09	0.10
Pay Fed Fund - Receive SOFR (economic hedges) (3)	41	1.98	—	0.09	0.09
Total swap portfolio	$ 17,227		$ 526		

(dollar amounts in millions)	December 31, 2020 Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Floor Strike	Weighted-Average LIBOR Reset Rate
Interest rate floors					
Purchased Interest Rate Floors - 1 month LIBOR	$ 7,200	0.37	$ 59	1.81 %	0.15 %
Purchased Floor Spread - 1 month LIBOR	400	1.74	7	2.50 / 1.50	0.15
Purchased Floor Spread - 1 month LIBOR forward starting (6)	2,500	3.72	76	1.65 / 0.70	—
Purchased Floor Spread - 1 month LIBOR (economic hedges)	1,000	2.29	18	1.75 / 1.00	0.16
Interest rate caps					
Purchased Cap - 1 month LIBOR (economic hedges)	5,000	6.91	91	0.98	0.15
Total floors and caps portfolio	$ 16,100		$ 251		

(1) Amounts include interest rate swaps as fair value hedges of fixed-rate investment securities using the last-of-layer method.
(2) Forward starting swaps effective starting from July 2021 to August 2022.
(3) Swaps have variable pay and variable receive resets. Weighted Average Fixed Rate column represents pay rate reset.
(4) Forward starting swaps and caps effective starting in April 2021.
(5) Forward starting swaps become effective starting from January 2021 to May 2021.
(6) Forward starting floors become effective starting from March 2021 to June 2021.

Net interest income in the current quarter included a $55 million negative mark-to-market of interest rate caps. The mark-to-market is not included in the NII at Risk calculations above. The interest rate caps were terminated in the current quarter with a net positive impact of $89 million for the first six-month period ended June 30, 2021, and were replaced with $4.0 billion of forward starting interest rate swaps that qualify for hedge accounting.

MSRs

(This section should be read in conjunction with Note 6 "Mortgage Loan Sales and Servicing Rights" of Notes to the Unaudited Condensed Consolidated Financial Statements.)

At June 30, 2021, we had a total of $327 million of capitalized MSRs representing the right to service $30 billion in mortgage loans.

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

MSR assets are included in servicing rights and other intangible assets in the Unaudited Condensed Consolidated Financial Statements.

Price Risk

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

Liquidity Risk

(This section should be read in conjunction with the "Liquidity Risk" section appearing in Huntington's 2020 Annual Report on Form 10-K for our on-going liquidity risk management processes.)

Our primary source of liquidity is our core deposit base. Core deposits comprised approximately 97% of total deposits at June 30, 2021. We also have available unused wholesale sources of liquidity, including advances from the FHLB, issuance through dealers in the capital markets, and access to certificates of deposit issued through brokers. Liquidity is further provided by unencumbered, or unpledged, investment securities that totaled $14.3 billion as of June 30, 2021.

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are retail and commercial core deposits. At June 30, 2021, these core deposits funded 79% of total assets (124% of total loans). Other sources of liquidity include non-core deposits, FHLB advances, wholesale debt instruments, and securitizations. Demand deposit overdrafts that have been reclassified as loan balances were $25 million and $14 million at June 30, 2021 and December 31, 2020, respectively.

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

Table 20 - Deposit Composition

(dollar amounts in millions)		June 30, 2021 (1)			December 31, 2020	
By Type:						
Demand deposits—noninterest-bearing	$	45,249	32 %	$	28,553	29 %
Demand deposits—interest-bearing		34,938	24		26,757	27
Money market deposits		33,616	24		26,248	27
Savings and other domestic deposits		20,876	15		11,722	12
Core certificates of deposit (2)		3,537	2		1,425	1
Total core deposits:		138,216	97		94,705	96
Other domestic deposits of $250,000 or more		675	—		131	—
Negotiable CDs, brokered and other deposits		3,914	3		4,112	4
Total deposits	$	142,805	100 %	$	98,948	100 %
Total core deposits:						
Commercial	$	61,055	44 %	$	44,698	47 %
Consumer		77,161	56		50,007	53
Total core deposits	$	138,216	100 %	$	94,705	100 %

(1) Includes $488 million of noninterest-bearing and $439 million of interest-bearing deposits classified as held-for-sale at June 30, 2021.
(2) Includes consumer certificates of deposit of $250,000 or more.

The Bank maintains borrowing capacity at the FHLB and the Federal Reserve Bank Discount Window. The Bank does not consider borrowing capacity from the Federal Reserve Bank Discount Window as a primary source of liquidity. Total loans and securities pledged to the Federal Reserve Bank Discount Window and the FHLB are $54.1 billion and $53.4 billion at June 30, 2021 and December 31, 2020, respectively.

At June 30, 2021, the market value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, and security repurchase agreements totaled $5.8 billion. There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10% of shareholders' equity at June 30, 2021.

To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through sources of wholesale funding, asset securitization or sale. Sources of wholesale funding include other domestic deposits of $250,000 or more, negotiable CDs, brokered and other deposits, short-term borrowings, and long-term debt. At June 30, 2021, total wholesale funding was $12.3 billion, a decrease from $12.8 billion at December 31, 2020. The decrease from year-end is due to a decrease in negotiable CDs, brokered and other deposits and long-term debt.

At June 30, 2021, we believe the Bank has sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Parent Company Liquidity

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

During the 2021 first quarter, Huntington issued $500 million of Series H Preferred Stock. On June 9, 2021, each share of TCF's Series C Non-Cumulative Perpetual Preferred Stock was converted into a share of a Series I Preferred Stock of Huntington having substantially the same terms as TCF's preferred stock. See Note 10 "Shareholders' Equity" and Note 14 appearing in Huntington's 2020 Annual Report on Form 10-K for further information.

At both June 30, 2021 and December 31, 2020, the parent company had $4.4 billion in cash and cash equivalents.

On July 21, 2021, the Board of Directors declared a quarterly common stock cash dividend of $0.15 per common share. The dividend is payable on October 1, 2021, to shareholders of record on September 17, 2021. Based on the current quarterly dividend of $0.15 per common share, cash demands required for common stock dividends are estimated to be approximately $221 million per quarter. On June 9, 2021, the Board of Directors declared a quarterly dividend for the newly created Series I Preferred Stock payable on September 1, 2021 to shareholders of record on August 15, 2021. Additionally, on July 21, 2021, the Board of Directors also declared a quarterly Series B, Series C, Series E, Series F, Series G and Series H Preferred Stock dividend payable on October 15, 2021 to shareholders of record on October 1, 2021. Total cash demands required for Series B, Series C, Series E, Series F, Series G, Series H and Series I are expected to be approximately $30 million per quarter.

During the first six months of 2021, the Bank paid preferred and common dividends of $22 million and $625 million, respectively. To meet any additional liquidity needs, the parent company may issue debt or equity securities from time to time.

Off-Balance Sheet Arrangements

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

Operational Risk

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

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

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

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

The TCF integration is inherently large and complex. Our objective for managing execution risk is to minimize impact to daily operations. We have an established Integration Management Office led by senior management. Responsibilities include central management, reporting, and escalation of key integration deliverables. In addition, a separate Board Committee on Conversions and Integration is in place to assist in the oversight and to monitor the integration activities, risks and progress of the TCF acquisition.

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

Compliance Risk

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

Capital

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

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

Table 21 - Regulatory Capital Data (1)

		Basel III	
(dollar amounts in millions)		June 30, 2021	December 31, 2020
Total risk-weighted assets	Consolidated	$ 126,241	$ 88,878
	Bank	125,864	88,601
CET I risk-based capital	Consolidated	12,596	8,887
	Bank	13,108	9,438
Tier 1 risk-based capital	Consolidated	15,462	11,083
	Bank	14,292	10,601
Tier 2 risk-based capital	Consolidated	2,407	1,774
	Bank	2,097	1,431
Total risk-based capital	Consolidated	17,869	12,856
	Bank	16,389	12,032
CET I risk-based capital ratio	Consolidated	9.98 %	10.00 %
	Bank	10.41	10.65
Tier 1 risk-based capital ratio	Consolidated	12.25	12.47
	Bank	11.36	11.97
Total risk-based capital ratio	Consolidated	14.15	14.46
	Bank	13.02	13.58
Tier 1 leverage ratio	Consolidated	11.65	9.32
	Bank	10.84	8.94

(1) Capital ratios reflect Huntington's election of a five-year transition of CECL on regulatory capital, followed by a three-year transition period. The CECL transition amount includes the impact of Huntington’s adoption of the new CECL accounting standards on January 1, 2020 and 25% for the cumulative change in the reported ACL since adopting CECL, excluding the allowance established at acquisition for purchased credit deteriorated loans.

At June 30, 2021, we maintained Basel III capital ratios in excess of the well-capitalized standards established by the FRB. The decrease in capital ratios since December 31, 2020 was driven by the balance sheet growth as a result of the TCF acquisition offset by the common stock issued related to the acquisition, net of goodwill and other intangibles. Earnings for the first six-month period of 2021, adjusted for the CECL transition, was largely offset by cash dividends. The change in regulatory Tier 1 risk-based capital and total risk-based capital ratios for the first six-month period of 2021 also reflect the issuance of $500 million of Series H preferred stock in the 2021 first quarter and the issuance of Series I preferred stock in conjunction with the TCF acquisition.

Shareholders’ Equity

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

Shareholders’ equity totaled $20.5 billion at June 30, 2021, an increase of $7.5 billion or 58% when compared with December 31, 2020.

On February 2, 2021, Huntington issued $500 million of preferred stock. Huntington issued 20,000,000 depositary shares, each representing a 1/40th ownership interest in a share of 4.50% Series H Non-Cumulative Perpetual Preferred Stock (Preferred H Stock), par value $0.01 per share, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share).

On June 9, 2021, each share of TCF Financial Corporation 5.70% Series C Non-Cumulative Perpetual Preferred Stock, $0.01 par value per share, outstanding immediately prior to acquisition of TCF Financial Corporation was converted into the right to receive a share of the newly created Huntington 5.70% Series I Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share.

Given the pending acquisition of TCF Financial Corporation, Huntington determined there would be a material change in the firm’s risk profile, financial condition, or corporate structure (as defined in the FRB’s capital rule) and resubmitted its capital plan in the second quarter of 2021. The FRB also extended, through June 30, 2021, the time period for the FRB to notify Huntington whether the FRB will recalculate its stress capital buffer (SCB) requirement.

On June 24, 2021, we were notified by the FRB that Huntington's SCB requirement would not be recalculated and that beginning on July 1, 2021, Huntington was authorized to make capital distributions that are consistent with the requirements in the FRB's capital rule, inclusive of the final SCB requirement of 2.5% provided to Huntington on August 7, 2020. In addition, the FRB notified us that our preliminary SCB effective for the period October 1, 2021, until September 30, 2022 would remain at 2.5%, which is the minimum under the stress capital buffer framework.

Dividends

We consider disciplined capital management as a key objective, with dividends representing one component. Our strong capital ratios position us to take advantage of additional capital management opportunities.

Share Repurchases

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

Subsequent to quarter end, the Board approved the repurchase of up to $800 million of common shares over the next four quarters. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs.

BUSINESS SEGMENT DISCUSSION

Overview

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

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

Revenue Sharing

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

Expense Allocation

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

Funds Transfer Pricing (FTP)

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

Net Income (Loss) by Business Segment

Net income (loss) by business segment for the six-month periods ending June 30, 2021 and June 30, 2020 is presented in the following table:

Table 22 - Net Income (Loss) by Business Segment

	Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020
Consumer and Business Banking	$ 105	$ 165
Commercial Banking	167	(115)
Vehicle Finance	161	9
RBHPCG	37	50
Treasury / Other	47	89
Net income	$ 517	$ 198

Treasury / Other

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

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

Consumer and Business Banking

Table 23 - Key Performance Indicators for Consumer and Business Banking

(dollar amounts in millions)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Change Amount	Change Percent
Net interest income	$ 703	$ 733	$ (30)	(4)%
Provision for credit losses	63	114	(51)	(45)
Noninterest income	477	430	47	11
Noninterest expense	984	840	144	17
Provision for income taxes	28	44	(16)	(36)
Net income	$ 105	$ 165	$ (60)	(36)%
Number of employees (average full-time equivalent)	8,160	7,871	289	4 %
Total average assets	$ 31,834	$ 26,815	$ 5,019	19
Total average loans/leases	28,014	23,486	4,528	19
Total average deposits	67,702	54,077	13,625	25
Net interest margin	2.06 %	2.69 %	(0.63)%	(23)
NCOs	$ 41	$ 56	$ (15)	(27)
NCOs as a % of average loans and leases	0.30 %	0.47 %	(0.17)%	(36)

2021 First Six Months versus 2020 First Six Months

Consumer and Business Banking, including Home Lending, reported net income of $105 million in the first six-month period of 2021, a decrease of $60 million, or 36%, compared to the year-ago period. Segment net interest income decreased $30 million, or 4%, due to decreased spread on deposits and decreased loan margin, partially offset by PPP revenues. The provision for credit losses decreased $51 million, or 45%, primarily due to changes in the forecasted economic outlook compared to the year-ago period, partially offset by the TCF acquisition initial provision for credit losses. Noninterest income increased $47 million, or 11%, primarily due to increased card interchange income as a result of higher debit card usage, mortgage banking income, and higher investment revenue. Noninterest expense increased $144 million, or 17%, mostly due to increased allocated expense and personnel costs as a result of higher levels of production and origination volume as well as the late-quarter TCF acquisition.

Home Lending, an operating unit of Consumer and Business Banking, reflects the result of the origination, sale, and servicing of mortgage loans less referral fees and net interest income for mortgage banking products distributed by the retail branch network and other business segments. Home Lending reported net income of $23 million in the first six-month period of 2021, compared with net income of $42 million in the year-ago period. Noninterest income decreased $11 million, driven primarily by higher referral fee income distributed to the branch network and other segments, partially offset by higher salable originations. Noninterest expense increased $24 million due to higher personnel expense as a result of the late-quarter TCF acquisition and higher origination volumes.

Commercial Banking

Table 24 - Key Performance Indicators for Commercial Banking

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2021	2020	Amount	Percent
Net interest income	$ 457	$ 472	$ (15)	(3)%
Provision for credit losses	143	523	(380)	(73)
Noninterest income	203	170	33	19
Noninterest expense	306	265	41	15
Provision for income taxes	44	(31)	75	242
Net income (loss)	$ 167	$ (115)	$ 282	245 %
Number of employees (average full-time equivalent)	1,424	1,281	143	11 %
Total average assets	$ 34,370	$ 35,535	$ (1,165)	(3)
Total average loans/leases	29,309	27,706	1,603	6
Total average deposits	26,242	22,970	3,272	14
Net interest margin	2.90 %	3.14 %	(0.24)%	(8)
NCOs	$ 84	$ 146	$ (62)	(42)
NCOs as a % of average loans and leases	0.57 %	1.06 %	(0.49)%	(46)

2021 First Six Months versus 2020 First Six Months

Commercial Banking reported net income of $167 million in the first six-month period of 2021, compared to a net loss of $115 million in the year-ago period. The provision for credit losses decreased $380 million, or 73%, primarily due to changes in the forecasted economic outlook compared to the year-ago period, partially offset by the TCF acquisition initial provision for credit losses. Segment net interest income decreased $15 million, or 3%, due to a 24 basis point decrease in net interest margin driven by a sharp decline in the benefit of deposits. Noninterest income increased $33 million, or 19%, reflecting the late-quarter TCF acquisition, largely driven by an increase in commitment and other loan fees including increased loan syndication fees, treasury management related revenue reflecting the impact of lower earnings credit rates on commercial deposit service charges, and an increase in mezzanine gains. Noninterest expense increased $41 million, or 15%, primarily due to personnel expense, reflecting the late-quarter TCF acquisition, largely driven by an increase in salaries and sales incentives, allocated overhead, and outside data processing.

Vehicle Finance

Table 25 - Key Performance Indicators for Vehicle Finance

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2021	2020	Amount	Percent
Net interest income	$ 217	$ 206	$ 11	5 %
Provision (benefit) for credit losses	(53)	131	(184)	(140)
Noninterest income	6	5	1	20
Noninterest expense	72	69	3	4
Provision for income taxes	43	2	41	2,050
Net income	$ 161	$ 9	$ 152	1,689 %
Number of employees (average full-time equivalent)	258	267	(9)	(3)%
Total average assets	$ 19,383	$ 19,941	$ (558)	(3)
Total average loans/leases	19,641	20,064	(423)	(2)
Total average deposits	903	506	397	78
Net interest margin	2.22 %	2.05 %	0.17 %	8
NCOs	$ 1	$ 23	$ (22)	(96)
NCOs as a % of average loans and leases	0.01 %	0.23 %	(0.22)%	(96)

2021 First Six Months versus 2020 First Six Months

Vehicle Finance reported net income of $161 million in the first six-month period of 2021, an increase of $152 million, compared to the year-ago period. The provision for credit losses decreased $184 million due to changes in the forecasted economic outlook as compared to the year ago period. Segment net interest income increased $11 million, or 5%, due to a 17 basis point increase in the net interest margin, partially offset by a 2% decrease in average loan balances. The decrease in average loans and leases balances of $0.4 billion continues to be driven by average commercial balances which were $1 billion lower than a year ago as dealership inventory levels and the resulting floor plan line utilization remain low. Partially offsetting the decline in commercial balances, RV / Marine balances increased $0.7 billion year over year, reflecting strong production levels over the past year. Noninterest income was comparable to year ago while the increase in noninterest expense was largely attributable to higher production related costs.

Regional Banking and The Huntington Private Client Group

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

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2021	2020	Amount	Percent
Net interest income	$ 70	$ 83	$ (13)	(16)%
Provision (benefit) for credit losses	(2)	—	(2)	(100)
Noninterest income	107	105	2	2
Noninterest expense	132	124	8	6
Provision for income taxes	10	14	(4)	(29)
Net income	$ 37	$ 50	$ (13)	(26)%
Number of employees (average full-time equivalent)	1,018	1,027	(9)	(1)%
Total average assets	$ 6,958	$ 6,744	$ 214	3
Total average loans/leases	6,705	6,457	248	4
Total average deposits	7,313	6,333	980	15
Net interest margin	1.89 %	2.53 %	(0.64)%	(25)
NCOs	$ —	$ —	$ —	—
NCOs as a % of average loans and leases	— %	— %	— %	—
Total assets under management (in billions)—eop	$ 24.0	$ 17.4	$ 6.6	38
Total trust assets (in billions)—eop	146.7	127.4	19.3	15

eop - End of Period.

2021 First Six Months versus 2020 First Six Months

RBHPCG reported net income of $37 million for the first six-month period of 2021, a decrease of $13 million, or 26%, compared to the year-ago period. Results were impacted by the late-quarter TCF acquisition. Segment net interest income decreased $13 million, or 16%, due to a 64 basis point decrease in net interest margin, reflecting both lower deposit and loan spreads. Average loans and leases increased $0.2 billion, or 4%, primarily due to residential real estate mortgage loans, and average deposits increased $1.0 billion, or 15%, primarily related to higher customer liquidity levels. Noninterest income increased $2 million, or 2%. The comparable period in 2020 included the sale of Retirement Plan Services recordkeeping and administrative services. Total trust assets increased 38% due to positive net asset flows and equity markets. Noninterest expense increased $8 million primarily due to decreased origination rates and higher personnel expense as a result of higher incentives in the Wealth business, partially offset by lower discretionary expense and continued cost controls.

ADDITIONAL DISCLOSURES

Forward-Looking Statements

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

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political, or industry conditions; the magnitude and duration of the COVID-19 pandemic and its impact on the global economy and financial market conditions and our business, results of operations, and financial condition; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; movements in interest rates; reform of LIBOR; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services including those implementing our “Fair Play” banking philosophy; the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, FDIC, and CFPB; the possibility that the anticipated benefits of the transaction with TCF are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where Huntington does business; the possibility that the proposed branch divestiture will not close when expected or at all because required regulatory approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; the possibility that the branch divestiture may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management’s attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the branch divestiture; and other factors that may affect the future results of Huntington.

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

Non-GAAP Financial Measures

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

Fully-Taxable Equivalent Basis

Interest income, yields, and ratios on a FTE basis are considered non-GAAP financial measures. Management believes net interest income on a FTE basis provides an insightful picture of the interest margin for comparison purposes. The FTE basis also allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The FTE basis assumes a federal statutory tax rate of 21 percent. We encourage readers to consider the Unaudited Condensed Consolidated Financial Statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

Non-Regulatory Capital Ratios

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

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

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare our capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes goodwill and other intangible assets, the nature and extent of which varies among different financial services companies. These ratios are not defined in GAAP or federal banking regulations. As a result, these non-regulatory capital ratios disclosed by the Company are considered non-GAAP financial measures.

Because there are no standardized definitions for these non-regulatory capital ratios, the Company's calculation methods may differ from those used by other financial services companies. Also, there may be limits in the usefulness of these measures to investors. As a result, we encourage readers to consider the Unaudited Condensed Consolidated Financial Statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

Risk Factors

More information on risk can be found in Item 1A Risk Factors below and in the Risk Factors section included in Item 1A of our 2020 Annual Report on Form 10-K. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report.

Critical Accounting Policies and Use of Significant Estimates

Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to establish accounting policies and make estimates that affect amounts reported in our Consolidated Financial Statements. Note 1 of the Notes to Consolidated Financial Statements included in our 2020 Annual Report on Form 10-K, as supplemented by this report including this MD&A, describes the significant accounting policies we used in our Consolidated Financial Statements.

An accounting estimate requires assumptions and judgments about uncertain matters that could have a material effect on the Consolidated Financial Statements. Estimates are made under facts and circumstances at a point in time, and changes in those facts and circumstances could produce results substantially different from those estimates. Our most significant accounting policies and estimates and their related application are discussed in our 2020 Annual Report on Form 10-K.

Allowance for Credit Losses

Our ACL at June 30, 2021 represents our current estimate of the lifetime credit losses expected from our loan and lease portfolio and our unfunded lending commitments. Management estimates the ACL by projecting probability of default, loss given default and exposure at default conditional on economic parameters, for the remaining contractual term. Internal factors that impact the quarterly allowance estimate include the level of outstanding balances, the portfolio performance and assigned risk ratings.

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

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

However, to illustrate a hypothetical sensitivity analysis, management calculated a quantitative allowance using a 100% weighting applied to an adverse scenario. This scenario includes assumptions around new infections and COVID-19 deaths being significantly above the baseline projections, leading to a much slower re-opening of the economy. Under this scenario, as an example, the unemployment rate remains elevated for a prolonged period and is estimated to remain at 7.3% and 6.5% at the end of 2022 and 2023, respectively. These numbers represent 3.8% and 3% higher unemployment estimates than baseline scenario projections of 3.5% and 3.5%, respectively for the same time periods.

To demonstrate the sensitivity to key economic parameters used in the calculation of our ACL at June 30, 2021, management calculated the difference between our quantitative ACL and a 100% adverse scenario. Excluding consideration of qualitative adjustments, this sensitivity analysis would result in a hypothetical increase in our ACL of approximately $1.1 billion at June 30, 2021.

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

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

We regularly review our ACL for appropriateness by performing on-going evaluations of the loan and lease portfolio. In doing so, we consider factors such as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. We also evaluate the impact of changes in key economic parameters and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. There is no certainty that our ACL will be appropriate over time to cover losses in our portfolio as economic and market conditions may ultimately differ from our reasonable and supportable forecast. Additionally, events adversely affecting specific customers, industries, or our markets such as the current COVID-19 pandemic, could severely impact our current expectations. If the credit quality of our customer base materially deteriorates or the risk profile of a market, industry, or group of customers changes materially, our net income and capital could be materially adversely affected which, in turn could have a material adverse effect on our financial condition and results of operations. The extent to which the current COVID-19 pandemic will continue to negatively impact our businesses, financial condition, liquidity and results will depend on future developments, which are highly uncertain and cannot be forecasted with precision at this time. For more information, see Note 4 "Loans and Leases" and Note 5 "Allowance for Credit Losses" of the Notes to Unaudited Condensed Consolidated Financial Statements.

Acquisition Method of Accounting

The acquisition method of accounting requires that acquired assets and liabilities in a business combination are recorded at their fair values as of the date of acquisition. This method often involves estimates based on third party valuations or internal valuations based on discounted cash flow analyses or other valuation techniques, all of which are inherently subjective. Acquisition-related restructuring costs are expensed as incurred. The acquisition method of accounting does allow for a measurement period to make adjustments to acquisition accounting for up to one year after the acquisition date, for new information that existed at the acquisition date but may not have been known or available at that time. For further information, refer to Note 2 "Acquisition of TCF Financial Corporation" of the Notes to Unaudited Condensed Consolidated Financial Statements.

Fair Value Measurement

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

In addition to the above mentioned on-going fair value measurements, fair value is also used for recording business combinations and measuring other non-recurring financial assets and liabilities. At June 9, 2021, approximately $46 billion of our assets and $43 billion of our liabilities were recorded at fair value as a result of applying the acquisition method of accounting.

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

Goodwill and Other Intangible Assets

Acquisitions typically result in goodwill, the amount by which the cost of net assets acquired in a business combination exceeds their fair value, which is subject to impairment testing at least annually. The amortization of identified intangible assets recognized in a business combination is based upon the estimated economic benefits to be received over their economic life, which is also subjective. Customer attrition rates that are based on historical experience are used to determine the estimated economic life of certain intangibles assets, including but not limited to, customer deposit intangibles.

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

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Assets		
Cash and due from banks	$ 1,479	$ 1,319
Interest-bearing deposits at Federal Reserve Bank	11,776	5,276
Interest-bearing deposits in banks	671	117
Trading account securities	93	62
Available-for-sale securities	22,915	16,485
Held-to-maturity securities	11,415	8,861
Other securities	692	418
Loans held for sale (includes $1,141 and $1,198 respectively, measured at fair value)(1)	1,391	1,275
Loans and leases (includes $131 and $94 respectively, measured at fair value)(1)	111,905	81,608
Allowance for loan and lease losses	(2,218)	(1,814)
Net loans and leases	109,687	79,794
Bank owned life insurance	2,763	2,577
Premises and equipment	1,128	757
Goodwill	5,316	1,990
Servicing rights and other intangible assets	619	428
Other assets	5,227	3,679
Total assets	$ 175,172	$ 123,038
Liabilities and shareholders' equity		
Liabilities		
Deposits:		
Demand deposits—noninterest-bearing (includes $488 at June 30, 2021 classified as held-for-sale)	$ 45,249	$ 28,553
Interest-bearing (includes $439 at June 30, 2021 classified as held-for-sale)	97,556	70,395
Total deposits	142,805	98,948
Short-term borrowings	391	183
Long-term debt	7,342	8,352
Other liabilities	4,103	2,562
Total liabilities	154,641	110,045
Commitments and Contingent Liabilities (Note 16)		
Shareholders' equity		
Preferred stock	2,851	2,191
Common stock	15	10
Capital surplus	15,830	8,781
Less treasury shares, at cost	(105)	(59)
Accumulated other comprehensive (loss) gain	(19)	192
Retained earnings	1,939	1,878
Total Huntington Bancshares Inc shareholders' equity	20,511	12,993
Non-controlling interest	20	—
Total equity	20,531	12,993
Total liabilities and shareholders' equity	$ 175,172	$ 123,038
Common shares authorized (par value of $0.01)	2,250,000,000	1,500,000,000
Common shares outstanding	1,476,557,426	1,017,196,776
Treasury shares outstanding	8,056,484	5,062,054
Preferred stock, authorized shares	6,617,808	6,617,808
Preferred shares outstanding	1,257,500	750,500

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

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated
Condensed Consolidated Statements of Income
(Unaudited)

(dollar amounts in millions, except per share data, share count in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Interest and fee income:				
Loans and leases	$ 806	$ 754	$ 1,558	$ 1,563
Available-for-sale securities				
Taxable	67	64	116	141
Tax-exempt	13	15	26	33
Held-to-maturity securities—taxable	35	59	77	117
Other securities—taxable	2	1	4	3
Other	12	9	23	20
Total interest income	935	902	1,804	1,877
Interest expense:				
Deposits	12	46	23	151
Short-term borrowings	—	1	—	13
Long-term debt	85	63	(29)	131
Total interest expense	97	110	(6)	295
Net interest income	838	792	1,810	1,582
Provision for credit losses	211	327	151	768
Net interest income after provision for credit losses	627	465	1,659	814
Mortgage banking income	67	96	167	154
Service charges on deposit accounts	88	60	157	148
Card and payment processing income	80	59	145	117
Trust and investment management services	56	45	108	92
Leasing revenue	12	7	16	10
Capital markets fees	35	31	64	64
Insurance income	25	25	52	48
Bank owned life insurance income	16	17	32	32
Gain on sale of loans	3	8	6	17
Net gains (losses) on sales of securities	10	(1)	10	(1)
Other noninterest income	52	44	82	71
Total noninterest income	444	391	839	752
Personnel costs	592	418	1,060	814
Outside data processing and other services	162	90	277	175
Equipment	55	46	101	87
Net occupancy	72	39	114	79
Lease financing equipment depreciation	5	1	5	1
Professional services	48	11	65	22
Amortization of intangibles	11	10	21	21
Marketing	15	5	29	14
Deposit and other insurance expense	8	9	16	18
Other noninterest expense	104	46	177	96
Total noninterest expense	1,072	675	1,865	1,327
(Loss) income before income taxes	(1)	181	633	239
Provision for income taxes	14	31	116	41
(Loss) income after income taxes	(15)	150	517	198
Income attributable to non-controlling interest	—	—	—	—
Net (loss) income attributable to Huntington Bancshares Inc	(15)	150	517	198
Dividends on preferred shares	43	19	74	37
Net (loss) income applicable to common shares	$ (58)	$ 131	$ 443	$ 161
Average common shares—basic	1,125,039	1,016,259	1,071,276	1,016,951
Average common shares—diluted	1,125,039	1,028,683	1,094,474	1,031,629
Per common share:				
Net (loss) income—basic	$ (0.05)	$ 0.13	$ 0.41	$ 0.16
Net (loss) income—diluted	(0.05)	0.13	0.40	0.16

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020	2021	2020
Net (loss) income attributable to Huntington Bancshares Inc	$ (15)	$ 150	$ 517	$ 198
Net unrealized gains (losses) on available-for-sale securities	78	62	(138)	235
Change in fair value related to cash flow hedges	(39)	11	(73)	319
Translation adjustments, net of hedges	(6)	—	(6)	—
Change in accumulated unrealized gains (losses) for pension and other post-retirement obligations	4	(10)	6	(8)
Other comprehensive income (loss), net of tax	37	63	(211)	546
Comprehensive income	$ 22	$ 213	$ 306	$ 744

See Notes to Unaudited Condensed Consolidated Financial Statements

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

(dollar amounts in millions, share amounts in thousands)	Preferred Stock	Common Stock		Capital Surplus	Treasury Stock		Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	Total	Non-controlling interest	Total Equity
	Amount	Shares	Amount		Shares	Amount					
Three Months Ended June 30, 2021											
Balance, beginning of period	$ 2,676	1,023,094	$ 10	$ 8,806	(5,041)	$ (59)	$ (56)	$ 2,223	$ 13,600	$ —	$ 13,600
Net loss								(15)	(15)	—	(15)
Other comprehensive income, net of tax							37		37		37
TCF Financial Corp acquisition:											
Issuance of common stock		458,171	5	6,993		(37)			6,961		6,961
Issuance of Series I preferred stock	175			10					185		185
Net proceeds from issuance of Preferred Stock	—								—		—
Cash dividends declared:											
Common ($0.15 per share)								(224)	(224)		(224)
Preferred								(43)	(43)		(43)
Recognition of the fair value of share-based compensation				38					38		38
Other share-based compensation activity		3,349	—	(17)				—	(17)		(17)
Other				—	(3,015)	(9)		(2)	(11)	20	9
Balance, end of period	$ 2,851	1,484,614	$ 15	$ 15,830	(8,056)	$ (105)	$ (19)	$ 1,939	$ 20,511	$ 20	$ 20,531
Three Months Ended June 30, 2020											
Balance, beginning of period	$ 1,203	1,018,752	$ 10	$ 8,728	(4,534)	$ (56)	$ 227	$ 1,657	$ 11,769	$ —	$ 11,769
Net income								150	150	—	150
Other comprehensive income, net of tax							63		63		63
Net proceeds from issuance of preferred stock	494								494		494
Cash dividends declared:											
Common ($0.15 per share)								(155)	(155)		(155)
Preferred								(19)	(19)		(19)
Recognition of the fair value of share-based compensation				25					25		25
Other share-based compensation activity		3,557	—	(10)				—	(10)		(10)
Other					(465)	(3)			(3)		(3)
Balance, end of period	$ 1,697	1,022,309	$ 10	$ 8,743	(4,999)	$ (59)	$ 290	$ 1,633	$ 12,314	$ —	$ 12,314

See Notes to Unaudited Condensed Consolidated Financial Statements

(dollar amounts in millions, share amounts in thousands)	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	Total	Non-controlling interest	Total
Six Months Ended June 30, 2021											
Balance, beginning of period	$ 2,191	1,022,258	$ 10	$ 8,781	(5,062)	$ (59)	$ 192	$ 1,878	$ 12,993	$ —	$ 12,993
Net income								517	517	—	517
Other comprehensive income (loss), net of tax							(211)		(211)		(211)
TCF Financial Corp acquisition:									—		
Issuance of common stock		458,171	5	6,993		(37)			6,961		6,961
Issuance of Series I preferred stock	175			10					185		185
Net proceeds from issuance of preferred stock	485								485		485
Cash dividends declared:											
Common ($0.30 per share)								(380)	(380)		(380)
Preferred								(74)	(74)		(74)
Recognition of the fair value of share-based compensation				66					66		66
Other share-based compensation activity		4,185	—	(20)				—	(20)		(20)
Other				—	(2,994)	(9)	—	(2)	(11)	20	9
Balance, end of period	$ 2,851	1,484,614	$ 15	$ 15,830	(8,056)	$ (105)	$ (19)	$ 1,939	$ 20,511	$ 20	$ 20,531
Six Months Ended June 30, 2020											
Balance, beginning of period	$ 1,203	1,024,541	$ 10	$ 8,806	(4,537)	$ (56)	$ (256)	$ 2,088	$ 11,795	$ —	$ 11,795
Cumulative-effect of change in accounting principle, net of tax								(306)	(306)		(306)
Net income								198	198	—	198
Other comprehensive income (loss), net of tax							546		546		546
Net proceeds from issuance of preferred stock	494								494		494
Repurchases of common stock		(7,088)		(88)					(88)		(88)
Cash dividends declared:											
Common ($0.30 per share)								(310)	(310)		(310)
Preferred								(37)	(37)		(37)
Recognition of the fair value of share-based compensation				40					40		40
Other share-based compensation activity		4,856	—	(15)				—	(15)		(15)
Other				—	(462)	(3)			(3)		(3)
Balance, end of period	$ 1,697	1,022,309	$ 10	$ 8,743	(4,999)	$ (59)	$ 290	$ 1,633	$ 12,314	$ —	$ 12,314

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020
Operating activities		
Net income	$ 517	$ 198
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	151	768
Depreciation and amortization	274	178
Share-based compensation expense	66	40
Deferred income tax expense (benefit)	34	(66)
Net change in:		
Trading account securities	(31)	54
Loans held for sale	50	(181)
Other assets	(416)	(1,032)
Other liabilities	261	755
Other, net	82	(4)
Net cash provided by operating activities	988	710
Investing activities		
Change in interest bearing deposits in banks	415	(27)
Net cash received from business combination	466	—
Proceeds from:		
Maturities and calls of available-for-sale securities	3,683	1,947
Maturities and calls of held-to-maturity securities	1,995	1,173
Maturities and calls of other securities	—	65
Sales of available-for-sale securities	5,838	390
Purchases of available-for-sale securities	(10,285)	(2,744)
Purchases of held-to-maturity securities	(1,547)	—
Purchases of other securities	—	(62)
Net proceeds from sales of portfolio loans and leases	334	416
Principal payments received under direct finance and sales-type leases	408	346
Net loan and lease activity, excluding sales and purchases	3,153	(5,443)
Purchases of premises and equipment	(99)	(49)
Purchases of loans and leases	(493)	(402)
Other, net	118	21
Net cash provided by (used in) investing activities	3,986	(4,369)
Financing activities		
Increase in deposits	5,194	11,344
Decrease in short-term borrowings	(1,152)	(2,293)
Net proceeds from issuance of long-term debt	59	1,321
Maturity/redemption of long-term debt	(2,526)	(1,634)
Dividends paid on preferred stock	(66)	(37)
Dividends paid on common stock	(308)	(307)
Repurchases of common stock	—	(88)
Net proceeds from issuance of preferred stock	485	494
Other, net	—	(18)
Net cash provided by financing activities	1,686	8,782
Increase in cash and cash equivalents	6,660	5,123
Cash and cash equivalents at beginning of period	6,595	1,170
Cash and cash equivalents at end of period	$ 13,255	$ 6,293

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(dollar amounts in millions)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Supplemental disclosures:		
Interest paid	$ 87	$ 297
Income taxes paid	200	10
Non-cash activities		
Loans transferred to held-for-sale from portfolio	190	589
Loans transferred to portfolio from held-for-sale	60	23
Transfer of securities from available-for-sale to held-to-maturity	3,007	1,520
Business Combination		
Fair value of tangible assets acquired	46,256	—
Goodwill and other intangible assets	3,483	—
Liabilities assumed	42,534	—
Preferred stock issued in business combination	185	—
Common Stock issued in business combination	6,998	—

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated
Notes to Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION

The accompanying Unaudited Condensed Consolidated Financial Statements of Huntington reflect all adjustments consisting of normal recurring accruals which are, in the opinion of management, necessary for a fair statement of the consolidated financial position, the results of operations, and cash flows for the periods presented. These Unaudited Condensed Consolidated Financial Statements have been prepared according to the rules and regulations of the SEC and, therefore, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted. The Notes to Consolidated Financial Statements appearing in Huntington's 2020 Annual Report on Form 10-K, which include descriptions of significant accounting policies, as updated by the information contained in this report, should be read in conjunction with these interim financial statements.

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

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

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

2. ACQUISITION OF TCF FINANCIAL CORPORATION

On June 9, 2021, Huntington closed the acquisition of TCF Financial Corporation in an all-stock transaction valued at $7.2 billion. TCF was a financial holding company headquartered in Detroit, Michigan with operations across the Midwest. The acquisition added depth in existing markets and new markets for expansion and brings complimentary businesses together to drive synergies and growth.

Under the terms of the agreement, TCF shareholders received 3.0028 shares of Huntington common stock for each share of TCF common stock. Holders of TCF common stock also received cash in lieu of fractional shares. In addition, each outstanding share of 5.70% Series C Non-Cumulative Perpetual Preferred Stock of TCF was converted into one share of a newly created series of preferred stock of Huntington, Series I Preferred Stock.

The acquisition of TCF has been accounted for as a business combination. We recorded the estimate of fair value based on initial valuations available at June 9, 2021. Due to the timing of the transaction closing date and Huntington's quarterly report on Form 10-Q, these estimated fair values are considered preliminary as of June 30, 2021, and subject to adjustment for up to one year after June 9, 2021. While we believe that the information available on June 9, 2021 provided a reasonable basis for estimating fair value, we expect that we may obtain additional information and evidence during the measurement period that would result in changes to the estimated fair value amounts. Valuations subject to change include, but are not limited to, loans and leases, certain deposits, deferred tax assets and liabilities and certain other assets and other liabilities.

The following table provides a preliminary allocation of consideration paid for the fair value of assets acquired and liabilities and equity assumed from TCF as of June 9, 2021.

	TCF	
(dollar amounts in millions)	UPB	Fair Value
Assets acquired:		
Cash and due from banks		$ 466
Interest-bearing deposits at Federal Reserve Bank		719
Interest-bearing deposits in banks		312
Available-for-sale securities		8,900
Other securities		358
Loans held for sale		363
Loans and leases:		
Commercial:		
Commercial and industrial	$ 12,726	12,441
Commercial real estate	8,125	7,869
Lease financing	2,929	2,912
Total commercial	23,780	23,222
Consumer:		
Automobile	322	317
Residential mortgage	6,267	6,273
Home equity	2,644	2,607
RV and marine	581	570
Other consumer	179	167
Total consumer	9,993	9,934
Total loans and leases	$ 33,773	33,156
Bank owned life insurance		181
Premises and equipment		360
Core deposit intangible		92
Other intangible assets		6
Servicing rights		59
Servicing rights and other intangible assets		157
Other assets		1,441
Total assets acquired		46,413
Liabilities and equity assumed:		
Deposits		38,663
Short-term borrowings		1,306
Long-term debt		1,516
Other liabilities		1,049
Total liabilities		42,534
Non-controlling interest		22
Net assets acquired		$ 3,857
Consideration:		
Fair value of common stock issued		$ 6,998
Fair value of preferred stock exchange		185
Total consideration		$ 7,183
Goodwill		$ 3,326

In connection with the acquisition, the Company recorded approximately $3.3 billion of goodwill. The goodwill was the result of expected synergies, operational efficiencies and other factors. Information regarding the allocation of goodwill recorded as a result of the acquisition to the Company's reportable segments, as well as the carrying amounts and amortization of core deposit and other intangible assets, are provided in Note 7 "Goodwill and Other Intangible Assets" of the Notes to Unaudited Condensed Consolidated Financial Statements.

The following is a description of the methods used to determine the fair values of significant assets and liabilities presented above.

Cash and due from banks and interest-bearing deposits in banks: The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Securities: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair value estimates are based on observable inputs including quoted market prices for similar instruments, quoted market prices that are not in an active market or other inputs that are observable in the market. In the absence of observable inputs, fair value is estimated based on pricing models and/or discounted cash flow methodologies.

Loans and leases: Fair values for loans and leases were based on a discounted cash flow methodology that considered factors including the type of loan and lease and related collateral, classification status, fixed or variable interest rate, term, amortization status and current discount rates. Loans and leases were grouped together according to similar characteristics when applying various valuation techniques. The discount rates used for loans and leases are based on current market rates for new originations of comparable loans and leases and include adjustments for liquidity. The discount rate does not include a factor for credit losses as that has been included as a reduction to the estimated cash flows.

CDI: This intangible asset represents the low cost of funding acquired core deposits provide relative to the Company's marginal cost of funds. The fair value was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected customer attrition rates, net maintenance cost of the deposit base, alternative cost of funds, and the interest costs associated with customer deposits. The CDI is being amortized over 10 years based upon the period over which estimated economic benefits are estimated to be received.

Deposits: The fair values used for the demand and savings deposits by definition equal the amount payable on demand at the acquisition date. The fair values for time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered to the contractual interest rates on such time deposits.

Debt: The fair values of long-term debt instruments are estimated based on quoted market prices for the instrument if available, or for similar instruments if not available, or by using discounted cash flow analyses, based on current incremental borrowing rates for similar types of instruments.

Premises and equipment: The fair values of premises were based on a market approach, with Huntington obtaining third-party appraisals and broker opinions of value for land, office and branch space.

Servicing rights: Servicing rights are valued using an option-adjusted spread valuation model to project cash flows over multiple interest rate scenarios which are then discounted at risk-adjusted rates. The model considers portfolio characteristics, prepayment rates, delinquency rates, contractually specified servicing fees, late charges, other ancillary revenue, costs to service and other economic factors. Fair value estimates and assumptions are compared to industry benchmarks, recent market activity, historical portfolio experience and, when available, other observable market data.

PCD loans and leases

Purchased loans and leases that reflect a more-than-insignificant deterioration of credit from origination are considered PCD. For PCD loans and leases, the initial estimate of expected credit losses is recognized in the ALLL on the date of acquisition using the same methodology as other loans and leases held-for-investment. The following table provides a summary of loans and leases purchased as part of the TCF acquisition with credit deterioration at acquisition:

(dollar amounts in millions)	Commercial	Consumer	Total
Par value (UPB)	$ 7,931	$ 1,333	$ 9,264
ALLL at acquisition	(374)	(58)	(432)
Non-credit (discount)	(219)	(68)	(287)
Fair value	$ 7,338	$ 1,207	$ 8,545

Huntington's operating results for the quarter and year-to-date periods ended June 30, 2021 include the operating results of the acquired assets and assumed liabilities of TCF Financial Corporation subsequent to the acquisition on June 9, 2021. Due to the various conversions of TCF systems during the second quarter 2021, as well as other streamlining and integration of the operating activities into those of the Company, historical reporting for the former TCF operations is impracticable and thus disclosures of the revenue from the assets acquired and income before income taxes is impracticable for the period subsequent to acquisition.

The following table presents unaudited pro forma information as if the acquisition of TCF had occurred on January 1, 2020 under the "Unaudited Pro Forma" columns. The pro forma adjustments give effect to any change in interest income due to the accretion of the discount (premium) associated with the fair value adjustments to acquired loans and leases, any change in interest expense due to estimated premium amortization/discount accretion associated with the fair value adjustment to acquired interest-bearing deposits and long-term debt and the amortization of the CDI that would have resulted had the deposits been acquired as of January 1, 2020. Pro forma results include Huntington acquisition-related expenses which primarily included, but were not limited to, severance costs, professional services, data processing fees, marketing and advertising expenses totaling $269 million and $290 million for the three and six-months ended June 30, 2021, respectively. Pro forma results also include adjustments for the elimination of TCF's accretion of the discount (premium) associated with the fair value adjustments to acquired loans and leases, deposits and long-term debt, elimination of TCF's intangible amortization expense, and related income tax effects. The pro forma information does not necessarily reflect the results of operations that would have occurred had Huntington acquired TCF on January 1, 2020. Furthermore, cost savings and other business synergies related to the acquisition are not reflected in the pro forma amounts.

	Unaudited Pro Forma for			
	Three months ended June 30,		Six months ended June 30,	
(dollar amounts in millions)	2021	2020	2021	2020
Net interest income	$ 1,120	$ 1,184	$ 2,482	$ 2,381
Noninterest income	529	529	1,062	1,032
Net income attributable to Huntington Bancshares Inc	235	189	901	69

Branch divestiture: On May 25, 2021, Huntington and TCF announced that, in conjunction with the acquisition, Huntington will sell 14 acquired branches and certain related assets and deposit liabilities to Horizon Bank. The sale is in connection with an agreement reached with the U.S. Department of Justice in order to resolve its competitive concerns about Huntington's acquisition of TCF. Total deposits and loans to be divested to Horizon Bank for the transaction totaled approximately $927 million and $275 million, respectively, as of June 30, 2021, with the actual amount to be transferred determined as of the date the transaction closes. These amounts are included in deposits and loans held for sale, respectively, in the Unaudited Condensed Consolidated Balance Sheets. The transaction is expected to close by the end of the 2021 third quarter, subject to regulatory approval and other customary closing conditions.

3. INVESTMENT SECURITIES AND OTHER SECURITIES

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

The following tables provide amortized cost, fair value, and gross unrealized gains and losses by investment category at June 30, 2021 and December 31, 2020:

		Unrealized		
(dollar amounts in millions)	Amortized Cost (1)	Gross Gains	Gross Losses	Fair Value
June 30, 2021				
Available-for-sale securities:				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	2,576	81	(8)	2,649
Residential MBS	13,219	52	(74)	13,197
Commercial MBS	1,377	15	(24)	1,368
Other agencies	283	1	—	284
Total U.S. Treasury, federal agency and other agency securities	17,460	149	(106)	17,503
Municipal securities	3,589	89	(17)	3,661
Private-label CMO	142	—	—	142
Asset-backed securities	298	4	(1)	301
Corporate debt	1,309	8	(13)	1,304
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 22,802	$ 250	$ (137)	$ 22,915
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 2,228	$ 65	$ —	$ 2,293
Residential MBS	6,259	61	(12)	6,308
Commercial MBS	2,705	102	—	2,807
Other agencies	220	10	—	230
Total federal agency and other agency securities	11,412	238	(12)	11,638
Municipal securities	3	—	—	3
Total held-to-maturity securities	$ 11,415	$ 238	$ (12)	$ 11,641
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 201	$ —	$ —	$ 201
Federal Reserve Bank stock	425	—	—	425
Other securities, at fair value				
Mutual funds	42	—	—	42
Equity securities	24	—	—	24
Total other securities	$ 692	$ —	$ —	$ 692

(1) Amortized cost amounts excludes accrued interest receivable, which is recorded within other assets on the Consolidated Balance Sheets. At June 30, 2021, accrued interest receivable on available-for-sale securities and held-to-maturity securities totaled $48 million and $25 million, respectively.

(dollar amounts in millions)	Amortized Cost (1)	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
December 31, 2020				
Available-for-sale securities:				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	3,550	121	(5)	3,666
Residential MBS	7,843	97	(5)	7,935
Commercial MBS	1,151	21	(9)	1,163
Other agencies	60	2	—	62
Total U.S. Treasury, federal agency and other agency securities	12,609	241	(19)	12,831
Municipal securities	2,928	91	(15)	3,004
Private-label CMO	9	—	—	9
Asset-backed securities	185	7	—	192
Corporate debt	440	5	—	445
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 16,175	$ 344	$ (34)	$ 16,485
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 1,779	$ 88	$ —	$ 1,867
Residential MBS	3,715	103	—	3,818
Commercial MBS	3,118	191	—	3,309
Other agencies	246	12	—	258
Total federal agency and other agency securities	8,858	394	—	9,252
Municipal securities	3	—	—	3
Total held-to-maturity securities	$ 8,861	$ 394	$ —	$ 9,255
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 60	$ —	$ —	$ 60
Federal Reserve Bank stock	299	—	—	299
Other securities, at fair value				
Mutual funds	50	—	—	50
Equity securities	8	1	—	9
Total other securities	$ 417	$ 1	$ —	$ 418

(1) Amortized cost amounts excludes accrued interest receivable, which is recorded within other assets on the Consolidated Balance Sheets. At December 31, 2020, accrued interest receivable on available-for-sale securities and held-to-maturity securities totaled $32 million and $20 million, respectively.

The following table provides the amortized cost and fair value of securities by contractual maturity at June 30, 2021 and December 31, 2020. Expected maturities may differ from contractual maturities as issuers may have the right to call or prepay obligations with or without incurring penalties.

	June 30, 2021		December 31, 2020	
(dollar amounts in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities:				
Under 1 year	$ 389	$ 384	$ 308	$ 304
After 1 year through 5 years	1,590	1,597	1,145	1,154
After 5 years through 10 years	2,583	2,624	1,607	1,654
After 10 years	18,240	18,310	13,115	13,373
Total available-for-sale securities	$ 22,802	$ 22,915	$ 16,175	$ 16,485
Held-to-maturity securities:				
After 1 year through 5 years	$ 500	$ 507	$ 160	$ 169
After 5 years through 10 years	98	103	131	138
After 10 years	10,817	11,031	8,570	8,948
Total held-to-maturity securities	$ 11,415	$ 11,641	$ 8,861	$ 9,255

The following tables provide detail on investment securities with unrealized losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position at June 30, 2021 and December 31, 2020:

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
June 30, 2021						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	321	(8)	—	—	321	(8)
Residential MBS	8,170	(74)	—	—	8,170	(74)
Commercial MBS	671	(24)	—	—	671	(24)
Other agencies	207	—	—	—	207	—
Total federal agency and other agency securities	9,369	(106)	—	—	9,369	(106)
Municipal securities	218	(5)	427	(12)	645	(17)
Private-label CMO	28	—	—	—	28	—
Asset-backed securities	75	(1)	8	—	83	(1)
Corporate debt	643	(13)	—	—	643	(13)
Total temporarily impaired available-for-sale securities	$ 10,333	$ (125)	$ 435	$ (12)	$ 10,768	$ (137)
Held-to-maturity securities:						
Federal agencies:						
Residential MBS	$ 1,408	$ (12)	$ —	$ —	$ 1,408	$ (12)
Total federal agency and other agency securities	1,408	(12)	—	—	1,408	(12)
Total temporarily impaired held-to-maturity securities	$ 1,408	$ (12)	$ —	$ —	$ 1,408	$ (12)

(dollar amounts in millions)	Less than 12 Months Fair Value	Less than 12 Months Gross Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Losses	Total Fair Value	Total Gross Unrealized Losses
December 31, 2020						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	$ 302	$ (5)	$ —	$ —	$ 302	$ (5)
Residential MBS	1,633	(5)	—	—	1,633	(5)
Commercial MBS	321	(9)	—	—	321	(9)
Total federal agency and other agency securities	2,256	(19)	—	—	2,256	(19)
Municipal securities	110	(3)	490	(12)	600	(15)
Private-label CMO	—	—	—	—	—	—
Asset-backed securities	15	—	—	—	15	—
Corporate debt	51	—	—	—	51	—
Total temporarily impaired available-for-sale securities	$ 2,432	$ (22)	$ 490	$ (12)	$ 2,922	$ (34)

During the 2021 second quarter, Huntington transferred $3.0 billion of securities from the AFS portfolio to the HTM portfolio. At the time of the transfer, AOCI included $2 million of unrealized gains attributed to these securities. This gain will be amortized into interest income over the remaining life of the securities.

At June 30, 2021 and December 31, 2020, the carrying value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, security repurchase agreements and to support borrowing capacity totaled $19.9 billion and $14.4 billion, respectively. There were no securities of a single issuer, which were not governmental or government-sponsored, that exceeded 10% of shareholders' equity at either June 30, 2021 or December 31, 2020. At June 30, 2021, all HTM debt securities are considered AAA rated. In addition, there were no HTM debt securities considered past due at June 30, 2021.

AFS Securities Impairment/HTM Securities Allowance for Credit Losses

Based on an evaluation of available information including security type, counterparty credit quality, past events, current conditions, and reasonable and supportable forecasts that are relevant to collectability, Huntington has concluded that it expects to receive all contractual cash flows from each security held in its AFS and HTM debt securities portfolio. As such, no allowance or impairment is recorded with respect to securities as of June 30, 2021 and December 31, 2020.

4. LOANS AND LEASES

The following table provides a detailed listing of Huntington's loan and lease portfolio at June 30, 2021 and December 31, 2020.

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Commercial loan and lease portfolio:		
Commercial and industrial	$ 41,900	$ 33,151
Commercial real estate	14,774	7,199
Lease financing	5,027	2,222
Total commercial loan and lease portfolio	61,701	42,572
Consumer loan portfolio:		
Automobile	13,174	12,778
Residential mortgage	18,729	12,141
Home equity	11,317	8,894
RV and marine	4,960	4,190
Other consumer	2,024	1,033
Total consumer loan portfolio	50,204	39,036
Total loans and leases (1) (2)	111,905	81,608
Allowance for loan and lease losses	(2,218)	(1,814)
Net loans and leases	$ 109,687	$ 79,794

(1) Loans and leases are reported at principal amount outstanding including unamortized purchase premiums and discounts, unearned income, and net direct fees and costs associated with originating and acquiring loans and leases. The aggregate amount of these loan and lease adjustments was a net (discount) premium of $(184) million and $171 million at June 30, 2021 and December 31, 2020, respectively.

(2) The total amount of accrued interest recorded for these loans and leases at June 30, 2021,was $157 million and $145 million of commercial and consumer loan and lease portfolios, respectively, and at December 31, 2020, was $146 million and $123 million of commercial and consumer loan and lease portfolios, respectively. Accrued interest is presented in other assets within the Condensed Consolidated Balance Sheets.

Lease Financing

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

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

The following table presents net investments in lease financing receivables by category at June 30, 2021 and December 31, 2020.

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Lease payments receivable	$ 4,680	$ 1,737
Estimated residual value of leased assets	771	664
Gross investment in lease financing receivables	5,451	2,401
Deferred origination costs	21	21
Deferred fees, unearned income and other	(445)	(200)
Total lease financing receivables	$ 5,027	$ 2,222

The carrying value of residual values guaranteed was $448 million and $93 million as of June 30, 2021 and December 31, 2020, respectively. The future lease rental payments due from customers on sales-type and direct financing leases at June 30, 2021, totaled $4.7 billion and were due as follows: $0.8 billion in 2021, $0.8 billion in 2022, $0.8 billion in 2023, $0.9 billion in 2024, $0.7 billion in 2025, and $0.7 billion thereafter. Interest income recognized for these types of leases was $56 million and $28 million for the three-month periods ended June 30, 2021 and 2020, respectively. For the six-month periods ended June 30, 2021 and 2020, interest income recognized was $81 million and $55 million, respectively.

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Nonaccrual and Past Due Loans and Leases

The following table presents NALs by loan class at June 30, 2021 and December 31, 2020:

	June 30, 2021		December 31, 2020	
(dollar amounts in millions)	Nonaccrual loans and leases with no ACL	Total nonaccrual loans and leases	Nonaccrual loans and leases with no ACL	Total nonaccrual loans and leases
Commercial and industrial	$ 157	$ 591	$ 69	$ 349
Commercial real estate	—	83	8	15
Lease financing	3	74	—	4
Automobile	—	3	—	4
Residential mortgage	—	130	—	88
Home equity	—	91	—	70
RV and marine	—	5	—	2
Other consumer	—	—	—	—
Total nonaccrual loans	$ 160	$ 977	$ 77	$ 532

The following table presents an aging analysis of loans and leases, by loan class at June 30, 2021 and December 31, 2020:

	June 30, 2021								
	Past Due (1)								
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing	
Commercial and industrial	$ 75	$ 33	$ 92	$ 200	$ 41,700	$ —	$ 41,900	$ 1	
Commercial real estate	24	6	22	52	14,722	—	14,774	—	
Lease financing	34	18	22	74	4,953	—	5,027	14	(3)
Automobile	53	12	6	71	13,103	—	13,174	4	
Residential mortgage	105	31	195	331	18,268	130	18,729	117	(4)
Home equity	40	16	65	121	11,195	1	11,317	9	
RV and marine	10	2	2	14	4,946	—	4,960	1	
Other consumer	7	3	2	12	2,012	—	2,024	2	
Total loans and leases	$ 348	$ 121	$ 406	$ 875	$ 110,899	$ 131	$ 111,905	$ 148	

	December 31, 2020								
	Past Due (1)(2)								
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing	
Commercial and industrial	$ 38	$ 33	$ 82	$ 153	$ 32,998	$ —	$ 33,151	$ —	
Commercial real estate	—	1	11	12	7,187	—	7,199	—	
Lease financing	22	5	13	40	2,182	—	2,222	10	(3)
Automobile	84	22	12	118	12,660	—	12,778	9	
Residential mortgage	114	38	194	346	11,702	93	12,141	132	(4)
Home equity	35	15	61	111	8,782	1	8,894	14	
RV and marine	17	3	3	23	4,167	—	4,190	3	
Other consumer	9	4	3	16	1,017	—	1,033	3	
Total loans and leases	$ 319	$ 121	$ 379	$ 819	$ 80,695	$ 94	$ 81,608	$ 171	

(1) NALs are included in this aging analysis based on the loan's past due status.
(2) The principal balance of loans in payment deferral programs offered in response to the COVID-19 pandemic which are performing according to their modified terms are generally not considered delinquent.
(3) Amounts include Huntington Technology Finance administrative lease delinquencies.
(4) Amounts include mortgage loans insured by U.S. government agencies.

Credit Quality Indicators

See Note 5 “Loans/Leases” to the Consolidated Financial Statements appearing in Huntington’s 2020 Annual Report on Form 10-K for a description of the credit quality indicators Huntington utilizes for monitoring credit quality and for determining an appropriate ACL level.

To facilitate the monitoring of credit quality for commercial loans, and for purposes of determining an appropriate ACL level for these loans, Huntington utilizes the following internally defined categories of credit grades:

- *Pass* - Higher quality loans that do not fit any of the other categories described below.
- *OLEM* - The credit risk may be relatively minor yet represents a risk given certain specific circumstances. If the potential weaknesses are not monitored or mitigated, the loan may weaken or the collateral may be inadequate to protect Huntington’s position in the future. For these reasons, Huntington considers the loans to be potential problem loans.
- *Substandard* - Inadequately protected loans resulting from the borrower’s ability to repay, equity, and/or the collateral pledged to secure the loan. These loans have identified weaknesses that could hinder normal repayment or collection of the debt. It is likely Huntington will sustain some loss if any identified weaknesses are not mitigated.
- *Doubtful* - Loans that have all of the weaknesses inherent in those loans classified as Substandard, with the added elements of the full collection of the loan is improbable and that the possibility of loss is high.

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

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

For all classes within the consumer loan portfolios, loans are assigned pool level PD factors based on the FICO range within which the borrower’s credit bureau score falls. A credit bureau score is a credit score developed by FICO based on data provided by the credit bureaus. The credit bureau score is widely accepted as the standard measure of consumer credit risk used by lenders, regulators, rating agencies, and consumers. The higher the credit bureau score, the higher likelihood of repayment and therefore, an indicator of higher credit quality.

Huntington assesses the risk in the loan portfolio by utilizing numerous risk characteristics. The classifications described above, and also presented in the table below, represent one of those characteristics that are closely monitored in the overall credit risk management processes.

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The following tables present the amortized cost basis of loans and leases by vintage and credit quality indicator at June 30, 2021 and December 31, 2020 respectively:

	As of June 30, 2021								
	Term Loans Amortized Cost Basis by Origination Year						Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total
(dollar amounts in millions)	2021	2020	2019	2018	2017	Prior			
Commercial and industrial									
Credit Quality Indicator (1):									
Pass	$ 9,173	$ 8,710	$ 4,979	$ 2,692	$ 1,400	$ 1,601	$ 10,720	$ 3	$ 39,278
OLEM	161	197	174	133	57	78	157	—	957
Substandard	148	190	218	239	190	210	467	—	1,662
Doubtful	1	—	—	1	—	1	—	—	3
Total Commercial and industrial	$ 9,483	$ 9,097	$ 5,371	$ 3,065	$ 1,647	$ 1,890	$ 11,344	$ 3	$ 41,900
Commercial real estate									
Credit Quality Indicator (1):									
Pass	$ 1,445	$ 3,083	$ 3,331	$ 2,207	$ 1,069	$ 1,518	$ 507	$ —	$ 13,160
OLEM	158	216	163	130	99	63	1	—	830
Substandard	119	154	202	60	115	100	34	—	784
Total Commercial real estate	$ 1,722	$ 3,453	$ 3,696	$ 2,397	$ 1,283	$ 1,681	$ 542	$ —	$ 14,774
Lease financing									
Credit Quality Indicator (1):									
Pass	$ 949	$ 1,830	$ 1,016	$ 588	$ 338	$ 224	$ —	$ —	$ 4,945
OLEM	6	6	7	4	6	1	—	—	30
Substandard	2	14	20	1	5	10	—	—	52
Total Lease financing	$ 957	$ 1,850	$ 1,043	$ 593	$ 349	$ 235	$ —	$ —	$ 5,027
Automobile									
Credit Quality Indicator (2):									
750+	$ 1,525	$ 2,319	$ 1,779	$ 929	$ 555	$ 223	$ —	$ —	$ 7,330
650-749	1,245	1,669	1,013	547	266	121	—	—	4,861
<650	154	267	220	172	106	64	—	—	983
Total Automobile	$ 2,924	$ 4,255	$ 3,012	$ 1,648	$ 927	$ 408	$ —	$ —	$ 13,174
Residential mortgage									
Credit Quality Indicator (2):									
750+	$ 2,984	$ 4,680	$ 1,477	$ 840	$ 969	$ 2,431	$ —	$ —	$ 13,381
650-749	958	1,052	462	344	307	1,098	—	—	4,221
<650	22	57	107	133	111	567	—	—	997
Total Residential mortgage	$ 3,964	$ 5,789	$ 2,046	$ 1,317	$ 1,387	$ 4,096	$ —	$ —	$ 18,599
Home equity									
Credit Quality Indicator (2):									
750+	$ 486	$ 861	$ 125	$ 85	$ 67	$ 522	$ 4,957	$ 201	$ 7,304
650-749	112	177	112	70	46	260	2,392	173	3,342
<650	2	8	33	32	27	128	347	93	670
Total Home equity	$ 600	$ 1,046	$ 270	$ 187	$ 140	$ 910	$ 7,696	$ 467	$ 11,316
RV and marine									
Credit Quality Indicator (2):									
750+	$ 716	$ 1,051	$ 542	$ 571	$ 330	$ 401	$ —	$ —	$ 3,611
650-749	190	336	207	184	132	190	—	—	1,239
<650	1	11	17	23	21	37	—	—	110
Total RV and marine	$ 907	$ 1,398	$ 766	$ 778	$ 483	$ 628	$ —	$ —	$ 4,960
Other consumer									
Credit Quality Indicator (2):									
750+	$ 341	$ 206	$ 223	$ 83	$ 33	$ 67	$ 530	$ 2	$ 1,485
650-749	43	36	55	17	7	10	281	26	475
<650	—	3	8	3	2	3	25	20	64
Total Other consumer	$ 384	$ 245	$ 286	$ 103	$ 42	$ 80	$ 836	$ 48	$ 2,024

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

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(dollar amounts in millions)	As of December 31, 2020 Term Loans Amortized Cost Basis by Origination Year 2020	2019	2018	2017	2016	Prior	Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total
Commercial and industrial									
Credit Quality Indicator (1):									
Pass	$ 12,599	$ 4,161	$ 2,537	$ 1,192	$ 837	$ 815	$ 8,894	$ 2	$ 31,037
OLEM	415	112	65	24	32	22	124	—	794
Substandard	195	125	181	203	41	147	423	—	1,315
Doubtful	2	—	1	—	—	1	1	—	5
Total Commercial and industrial	$ 13,211	$ 4,398	$ 2,784	$ 1,419	$ 910	$ 985	$ 9,442	$ 2	$ 33,151
Commercial real estate									
Credit Quality Indicator (1):									
Pass	$ 1,742	$ 1,610	$ 1,122	$ 507	$ 507	$ 539	$ 633	$ —	$ 6,660
OLEM	94	78	63	37	28	14	4	—	318
Substandard	27	46	10	29	58	14	36	—	220
Doubtful	—	—	—	—	—	1	—	—	1
Total Commercial real estate	$ 1,863	$ 1,734	$ 1,195	$ 573	$ 593	$ 568	$ 673	$ —	$ 7,199
Lease financing									
Credit Quality Indicator (1):									
Pass	$ 1,158	$ 364	$ 221	$ 155	$ 137	$ 101	$ —	$ —	$ 2,136
OLEM	6	4	4	6	1	—	—	—	21
Substandard	1	19	7	21	5	12	—	—	65
Total Lease financing	$ 1,165	$ 387	$ 232	$ 182	$ 143	$ 113	$ —	$ —	$ 2,222
Automobile									
Credit Quality Indicator (2):									
750+	$ 2,670	$ 2,013	$ 1,144	$ 742	$ 317	$ 81	$ —	$ —	$ 6,967
650-749	1,965	1,343	755	386	175	52	—	—	4,676
<650	312	301	244	157	84	37	—	—	1,135
Total Automobile	$ 4,947	$ 3,657	$ 2,143	$ 1,285	$ 576	$ 170	$ —	$ —	$ 12,778
Residential mortgage									
Credit Quality Indicator (2):									
750+	$ 3,269	$ 1,370	$ 891	$ 1,064	$ 762	$ 1,243	$ 1	$ —	$ 8,600
650-749	991	435	307	278	171	495	—	—	2,677
<650	34	89	111	108	81	348	—	—	771
Total Residential mortgage	$ 4,294	$ 1,894	$ 1,309	$ 1,450	$ 1,014	$ 2,086	$ 1	$ —	$ 12,048
Home equity									
Credit Quality Indicator (2):									
750+	$ 793	$ 26	$ 26	$ 32	$ 89	$ 451	$ 4,373	$ 192	$ 5,982
650-749	147	9	8	11	27	157	1,906	181	2,446
<650	1	1	1	1	6	70	286	99	465
Total Home equity	$ 941	$ 36	$ 35	$ 44	$ 122	$ 678	$ 6,565	$ 472	$ 8,893
RV and marine									
Credit Quality Indicator (2):									
750+	$ 1,136	$ 525	$ 589	$ 337	$ 153	$ 254	$ —	$ —	$ 2,994
650-749	348	215	201	136	64	129	—	—	1,093
<650	4	15	21	22	12	29	—	—	103
Total RV and marine	$ 1,488	$ 755	$ 811	$ 495	$ 229	$ 412	$ —	$ —	$ 4,190
Other consumer									
Credit Quality Indicator (2):									
750+	$ 69	$ 58	$ 26	$ 8	$ 4	$ 14	$ 340	$ 2	$ 521
650-749	36	56	17	5	2	3	294	30	443
<650	2	8	3	1	—	1	26	28	69
Total Other consumer	$ 107	$ 122	$ 46	$ 14	$ 6	$ 18	$ 660	$ 60	$ 1,033

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

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TDR Loans

TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided would not otherwise be considered. However, not all loan modifications are TDRs. See Note 5 "Loans / Leases" to the Consolidated Financial Statements appearing in Huntington's 2020 Annual Report on Form 10-K for an additional discussion of TDRs.

The following table presents, by class and modification type, the number of contracts, post-modification outstanding balance, and the financial effects of the modification for the three-month and six-month periods ended June 30, 2021 and 2020.

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

	Three Months Ended June 30, 2020					
		Post-modification Outstanding Recorded Investment (2)				
(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
Commercial and industrial	98	$ —	$ 26	$ —	$ 52	$ 78
Commercial real estate	2	—	1	—	—	1
Automobile	1,058	—	14	2	—	16
Residential mortgage	105	—	12	2	—	14
Home equity	63	—	2	1	—	3
RV and marine	68	—	3	—	—	3
Other consumer	142	1	—	—	—	1
Total new TDRs	1,536	$ 1	$ 58	$ 5	$ 52	$ 116

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

	Six Months Ended June 30, 2020					
		Post-modification Outstanding Recorded Investment (2)				
(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
Commercial and industrial	238	$ —	$ 88	$ —	$ 58	$ 146
Commercial real estate	9	—	3	—	—	3
Automobile	1,856	—	20	4	—	24
Residential mortgage	206	—	21	4	—	25
Home equity	126	—	3	3	—	6
RV and marine finance	96	—	4	—	—	4
Other consumer	391	2	—	—	—	2
Total new TDRs	2,922	$ 2	$ 139	$ 11	$ 58	$ 210

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

Pledged Loans

The Bank has access to the Federal Reserve’s discount window and advances from the FHLB. As of June 30, 2021 and December 31, 2020, these borrowings and advances are secured by $45.6 billion and $43.0 billion, respectively, of loans.

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5. ALLOWANCE FOR CREDIT LOSSES

Allowance for Credit Losses - Roll-forward

The following tables present ACL activity by portfolio segment for the three-month and six-month periods ended June 30, 2021 and 2020.

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

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(dollar amounts in millions)	Commercial	Consumer	Total
Three-month period ended June 30, 2020:			
ALLL balance, beginning of period	$ 996	$ 508	$ 1,504
Loan and lease charge-offs	(84)	(39)	(123)
Recoveries of loans and leases previously charged-off	4	12	16
Provision for loan and lease losses	253	52	305
ALLL balance, end of period	$ 1,169	$ 533	$ 1,702
AULC balance, beginning of period	$ 58	$ 41	$ 99
Provision (reduction in allowance) for unfunded lending commitments	25	(3)	22
Unfunded lending commitment losses	(2)	—	(2)
AULC balance, end of period	$ 81	$ 38	$ 119
ACL balance, end of period	$ 1,250	$ 571	$ 1,821
Six-month period ended June 30, 2020:			
ALLL balance, beginning of period	$ 552	$ 231	$ 783
Cumulative-effect of change in accounting principle for financial instruments - credit losses (4)	180	211	391
Loan and lease charge-offs	(172)	(87)	(259)
Recoveries of loans and leases previously charged-off	9	26	35
Provision for loan and lease losses	600	152	752
ALLL balance, end of period	$ 1,169	$ 533	$ 1,702
AULC balance, beginning of period	$ 102	$ 2	$ 104
Cumulative-effect of change in accounting principle for financial instruments - credit losses (4)	2	—	2
Provision (reduction in allowance) for unfunded lending commitments	(20)	36	16
Unfunded lending commitment losses	(3)	—	(3)
AULC balance, end of period	$ 81	$ 38	$ 119
ACL balance, end of period	$ 1,250	$ 571	$ 1,821

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

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

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

(4) Relates to day one impact of the CECL adjustment as a result of the implementation of ASU 2016-13.

At June 30, 2021, the ACL was $2.3 billion, an increase of $456 million from the December 31, 2020 balance of $1.9 billion. The increase was primarily related to the addition of $432 million of allowance for loans purchased with credit deterioration and the TCF acquisition initial provision for credit losses of $294 million ($234 million from non-PCD loans and leases and $60 million from acquired unfunded lending commitments), partially offset by improvement in the forecasted macroeconomic environment resulting from anticipated lower unemployment and higher GDP.

The suite of CECL models are generally dependent on the rate of change in unemployment rather than the absolute unemployment levels. Additionally, the economic scenarios used in the June 30, 2021 ACL determination contained significant judgmental assumptions around the ultimate impact of COVID-19 cases and the economic impact of additional stimulus spending enacted into law during the first quarter 2021. Given the impact of the unemployment variable utilized within the models and the uncertainty associated with key economic scenario assumptions, the June 30, 2021 ACL included a material general reserve component as well as additional industry specific risk profiles to capture economic uncertainty not addressed within the quantitative transaction reserve.

6. MORTGAGE LOAN SALES AND SERVICING RIGHTS

Residential Mortgage Portfolio

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the three-month and six-month periods ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020	2021	2020
Residential mortgage loans sold with servicing retained	$ 2,748	$ 2,287	$ 5,004	$ 3,715
Pretax gains resulting from above loan sales (1)	101	59	194	98

(1) Recorded in mortgage banking income.

The following table summarizes the changes in MSRs recorded using the fair value method for the three-month and six-month periods ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020	2021	2020
Fair value, beginning of period	$ 274	$ 165	$ 210	$ 7
Fair value election for servicing assets previously measured using the amortized method (1)	—	—	—	205
Servicing assets obtained in acquisition	59	—	59	—
New servicing assets created	38	26	72	40
Change in fair value during the period due to:				
Time decay (2)	(4)	(2)	(7)	(4)
Payoffs (3)	(16)	(10)	(33)	(16)
Changes in valuation inputs or assumptions (4)	(24)	(7)	26	(60)
Fair value, end of period	$ 327	$ 172	$ 327	$ 172
Weighted-average life (years)	6.9	6.5	6.9	6.5

(1) Prior to January 1, 2020, substantially all of Huntington's MSR assets were recorded at amortized cost.
(2) Represents decrease in value due to passage of time, including the impact from both regularly scheduled principal payments and partial loan paydowns.
(3) Represents decrease in value associated with loans that paid off during the period.
(4) Represents change in value resulting primarily from market-driven changes in interest rates.

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

For MSRs under the fair value method, a summary of key assumptions and the sensitivity of the MSR value to changes in these assumptions at June 30, 2021, and December 31, 2020 follows:

	June 30, 2021			December 31, 2020		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in millions)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	12.94 %	$ (15)	$ (29)	17.36 %	$ (12)	$ (23)
Spread over forward interest rate swap rates	535 bps	(7)	(14)	519 bps	(4)	(8)

Total servicing, late fees and other ancillary fees included in mortgage banking income was $17 million and $14 million for the three-month periods ended June 30, 2021 and 2020, respectively. For the six-month periods ended June 30, 2021 and 2020, total servicing, late fees and other ancillary fees included in mortgage banking income was $35 million and $31 million, respectively.

The unpaid principal balance of residential mortgage loans serviced for third parties was $30.3 billion and $23.5 billion at June 30, 2021 and December 31, 2020, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

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

A rollforward of goodwill by business segment for the first six-month period of 2021 is presented in the table below.

(dollar amounts in millions)	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Balance, December 31, 2020	$ 1,393	$ 427	$ —	$ 170	$ —	$ 1,990
TCF acquisition	2,006	1,260	—	60	—	3,326
Balance, June 30, 2021	$ 3,399	$ 1,687	$ —	$ 230	$ —	$ 5,316

For additional information on the acquisition, refer to Note 2 “Acquisition of TCF Financial Corporation”.

At June 30, 2021 and December 31, 2020, Huntington’s other intangible assets consisted of the following:

(dollar amounts in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
June 30, 2021			
Core deposit intangible	$ 402	$ (166)	$ 236
Customer relationship	108	(75)	33
Total other intangible assets	$ 510	$ (241)	$ 269
December 31, 2020			
Core deposit intangible	$ 310	$ (150)	$ 160
Customer relationship	101	(70)	31
Total other intangible assets	$ 411	$ (220)	$ 191

The estimated amortization expense of other intangible assets for the remainder of 2021 and the next five years is as follows:

(dollar amounts in millions)	Amortization Expense
2021	$ 28
2022	53
2023	49
2024	45
2025	42
2026	29

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8. BORROWINGS

Borrowings with original maturities of one year or less are classified as short-term and were comprised of the following at June 30, 2021 and December 31, 2020, respectively:

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Federal funds purchased and securities sold under agreements to repurchase	$ 255	$ 71
Other borrowings	136	112
Total short-term borrowings	$ 391	$ 183

Huntington's long-term debt consisted of the following at June 30, 2021 and December 31, 2020, respectively:

(dollar amounts in millions)	June 30, 2021	December 31, 2020
The Parent Company:		
Senior Notes	$ 2,807	$ 3,635
Subordinated Notes	526	507
Total notes issued by the parent	3,333	4,142
The Bank:		
Senior Notes	2,461	3,533
Subordinated Notes	850	233
Total notes issued by the bank	3,311	3,766
FHLB Advances	214	3
Other	484	441
Total long-term debt	$ 7,342	$ 8,352

As a result of the TCF acquisition, Huntington assumed long-term debt totaling $1.5 billion, of which a FHLB advance of $214 million and subordinated notes of $637 million remain outstanding at June 30, 2021. The assumed long-term FHLB advance has a maturity date in 2025 and carried interest rate of 1.03% at June 30, 2021. The assumed subordinated notes included $21 million of parent company obligations due in 2032 to 2035 carrying variable interest rates based on three-month LIBOR plus 0.15% to 3.50% and $616 million of Bank obligations due in 2022 to 2030 carrying interest rates ranging from 0.64% to 3.75%.

9. OTHER COMPREHENSIVE INCOME

The components of Huntington's OCI for the three-month and six-month periods ended June 30, 2021 and 2020, were as follows:

	Three Months Ended June 30, 2021		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Unrealized gains on available-for-sale securities arising during the period	$ 88	$ (20)	$ 68
Less: Reclassification adjustment for realized net losses (gains) included in net income	13	(3)	10
Net change in unrealized holding gains (losses) on available-for-sale securities	101	(23)	78
Net change in fair value on cash flow hedges	(48)	9	(39)
Translation adjustments, net of hedges (1)	(6)	—	(6)
Net change in pension and other post-retirement obligations	3	1	4
Total other comprehensive income	$ 50	$ (13)	$ 37

	Three Months Ended June 30, 2020		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Unrealized gains on available-for-sale securities arising during the period	$ 57	$ (13)	$ 44
Less: Reclassification adjustment for realized net losses (gains) included in net income	23	(5)	18
Net change in unrealized gains (losses) on available-for-sale securities	80	(18)	62
Net change in fair value on cash flow hedges	14	(3)	11
Net change in pension and other post-retirement obligations	(12)	2	(10)
Total other comprehensive income	$ 82	$ (19)	$ 63

	Six Months Ended June 30, 2021		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Unrealized gains (losses) on available-for-sale securities arising during the period	$ (199)	$ 44	$ (155)
Less: Reclassification adjustment for realized net losses (gains) included in net income	22	(5)	17
Net change in unrealized holding gains (losses) on available-for-sale securities	(177)	39	(138)
Net change in fair value on cash flow hedges	(92)	19	(73)
Translation adjustments, net of hedges (1)	(6)	—	(6)
Net change in pension and other post-retirement obligations	6	—	6
Total other comprehensive loss	$ (269)	$ 58	$ (211)

	Six Months Ended June 30, 2020		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Unrealized gains (losses) on available-for-sale securities arising during the period	$ 274	$ (61)	$ 213
Less: Reclassification adjustment for realized net losses (gains) included in net income	28	(6)	22
Net change in unrealized holding gains (losses) on available-for-sale securities	302	(67)	235
Net change in fair value on cash flow hedges	409	(90)	319
Net change in pension and other post-retirement obligations	(10)	2	(8)
Total other comprehensive income	$ 701	$ (155)	$ 546

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

Activity in accumulated OCI for the three-month and six-month periods ended June 30, 2021 and 2020, were as follows:

(dollar amounts in millions)	Unrealized gains (losses) on debt securities (1)	Change in fair value related to cash flow hedges	Translation adjustments, net of hedges	Unrealized gains (losses) for pension and other post-retirement obligations (2)	Total
Three Months Ended June 30, 2021					
Balance, beginning of period	$ (28)	$ 223	$ —	$ (251)	$ (56)
Other comprehensive income (loss) before reclassifications	68	(39)	(6)	—	23
Amounts reclassified from accumulated OCI to earnings	10	—	—	4	14
Period change	78	(39)	(6)	4	37
Balance, end of period	$ 50	$ 184	$ (6)	$ (247)	$ (19)
Three Months Ended June 30, 2020					
Balance, beginning of period	$ 145	$ 331	$ —	$ (249)	$ 227
Other comprehensive income before reclassifications	44	11	—	—	55
Amounts reclassified from accumulated OCI to earnings	18	—	—	(10)	8
Period change	62	11	—	(10)	63
Balance, end of period	$ 207	$ 342	$ —	$ (259)	$ 290

(dollar amounts in millions)	Unrealized gains (losses) on debt securities (1)	Change in fair value related to cash flow hedges	Translation adjustments, net of hedges	Unrealized gains (losses) for pension and other post-retirement obligations (2)	Total
Six Months Ended June 30, 2021					
Balance, beginning of period	$ 188	$ 257	$ —	$ (253)	$ 192
Other comprehensive loss before reclassifications	(155)	(73)	(6)	—	(234)
Amounts reclassified from accumulated OCI to earnings	17	—	—	6	23
Period change	(138)	(73)	(6)	6	(211)
Balance, end of period	$ 50	$ 184	$ (6)	$ (247)	$ (19)
Six Months Ended June 30, 2020					
Balance, beginning of period	$ (28)	$ 23	$ —	$ (251)	$ (256)
Other comprehensive income before reclassifications	213	319	—	—	532
Amounts reclassified from accumulated OCI to earnings	22	—	—	(8)	14
Period change	235	319	—	(8)	546
Balance, end of period	$ 207	$ 342	$ —	$ (259)	$ 290

(1) AOCI amounts at June 30, 2021 and June 30, 2020 include $48 million and $81 million, respectively, net of unrealized losses on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized losses will be recognized in earnings over the remaining life of the security using the effective interest method.

10. SHAREHOLDERS' EQUITY

Preferred Stock

The following is a summary of Huntington's non-cumulative, non-voting, perpetual preferred stock outstanding as of June 30, 2021.

(dollar amounts in millions)

Series	Issuance Date	Total Shares Outstanding	Carrying Amount	Dividend Rate	Earliest Redemption Date
Series B	12/28/2011	35,500	$ 23	3-mo. LIBOR + 270 bps	1/15/2017
Series D	3/21/2016	400,000	386	6.25 %	4/15/2021
Series D	5/5/2016	200,000	199	6.25 %	4/15/2021
Series C	8/16/2016	100,000	100	5.875 %	10/15/2021
Series E	2/27/2018	5,000	495	5.700 %	4/15/2023
Series F	5/27/2020	5,000	494	5.625 %	7/15/2030
Series G	8/3/2020	5,000	494	4.450 %	10/15/2027
Series H	2/2/2021	500,000	485	4.500 %	4/15/2026
Series I	6/9/2021	7,000	175	5.700 %	12/01/2022
Total		1,257,500	$ 2,851		

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

On July 15, 2021, all 24,000,000 outstanding depositary shares, each representing a 1/40th interest in a share of Huntington's 6.250% Series D Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, were redeemed. The depositary shares were redeemed at a price of $25.00 per depositary share (equivalent to $1,000 per share of Series D Preferred Stock) plus declared and unpaid dividends of $0.390625 per depositary share (equivalent to $15.625 per share of Series D Preferred Stock) for the period beginning on April 15, 2021 to, but not including, July 15, 2021. All dividends on the shares of Series D Preferred Stock will cease to accrue.

Preferred Series I Stock issued and outstanding

On June 9, 2021, each share of TCF Financial Corporation 5.70% Series C Non-Cumulative Perpetual Preferred Stock, $0.01 par value per share, outstanding immediately prior to the acquisition of TCF Financial Corporation was converted into the right to receive a share of the newly created Huntington 5.70% Series I Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share.

The following table presents the dividends declared for each series of Preferred shares for the three-month and six-month periods ended June 30, 2021 and 2020:

(amounts in millions, except per share data)	Three Months Ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
Preferred Series	Cash Dividend Declared Per Share	Amount ($)	Cash Dividend Declared Per Share	Amount ($)	Cash Dividend Declared Per Share	Amount ($)	Cash Dividend Declared Per Share	Amount ($)
Series B	7.21	$ —	9.80	$ —	14.56	$ —	21.13	$ (1)
Series C	14.69	(1)	14.69	(2)	29.38	(3)	29.38	(3)
Series D	15.63	(9)	15.63	(10)	31.25	(18)	31.25	(19)
Series E	1,425.00	(7)	1,425.00	(7)	2,850.00	(14)	2,850.00	(14)
Series F	1,406.25	(7)	—	—	2,812.50	(14)	—	—
Series G	1,112.50	(6)	—	—	2,225.00	(12)	—	—
Series H	19.50	(10)	—	—	19.50	(10)	—	—
Series I	356.25	(3)	—	—	356.25	(3)	—	—
Total		$ (43)		$ (19)		$ (74)		$ (37)

Change in Common Shares Authorized

During the second quarter of 2021, Huntington amended its charter to increase the number of authorized shares of common stock from 1.5 billion shares to 2.25 billion shares.

Treasury shares

Treasury shares includes shares held for deferred compensation plans, at cost, of $(105) million at June 30, 2021 and $(59) million at December 31, 2020.

Non-controlling Interest in Subsidiaries

Through the acquisition of TCF, Huntington acquired a joint venture with The Toro Company ("Toro") called Red Iron Acceptance, LLC ("Red Iron"). Red Iron provides U.S. distributors and dealers and select Canadian distributors of the Toro and Exmark branded products with sources of financing. Huntington and Toro maintain a 55% and 45% ownership interest, respectively, in Red Iron. As Huntington has a controlling financial interest in Red Iron, its financial results are consolidated in Huntington's financial statements. Toro's interest is reported as a non-controlling interest within equity.

11. (LOSS) EARNINGS PER SHARE

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

The calculation of basic and diluted (loss) earnings per share for the three-month and six-month periods ended June 30, 2021 and 2020 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions, except per share data, share count in thousands)	2021	2020	2021	2020
Basic earnings per common share:				
Net (loss) income attributable to Huntington Bancshares Inc	$ (15)	$ 150	$ 517	$ 198
Preferred stock dividends	43	19	74	37
Net (loss) income available to common shareholders	$ (58)	$ 131	$ 443	$ 161
Average common shares issued and outstanding	1,125,039	1,016,259	1,071,276	1,016,951
Basic (loss) earnings per common share	$ (0.05)	$ 0.13	$ 0.41	$ 0.16
Diluted earnings per common share:				
Dilutive potential common shares:				
Stock options and restricted stock units and awards	—	7,516	17,667	9,939
Shares held in deferred compensation plans	—	4,908	5,531	4,739
Dilutive potential common shares	—	12,424	23,198	14,678
Total diluted average common shares issued and outstanding	1,125,039	1,028,683	1,094,474	1,031,629
Diluted (loss) earnings per common share	$ (0.05)	$ 0.13	$ 0.40	$ 0.16
Anti-dilutive awards (1)	26,895	17,200	2,738	12,291

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

Due to the loss attributable to common shareholders for the three months ended June 30, 2021, no additional potentially dilutive shares were included in loss per share calculation as including such shares in the calculation would have reduced the reported loss per share.

12. NONINTEREST INCOME

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

(dollar amounts in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
Noninterest income	2021	2020	2021	2020
Noninterest income from contracts with customers	$ 257	$ 201	$ 479	$ 428
Noninterest income within the scope of other GAAP topics	187	190	360	324
Total noninterest income	$ 444	$ 391	$ 839	$ 752

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

(dollar amounts in millions)	Three Months Ended June 30, 2021					
Major Revenue Streams	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 64	$ 22	$ 1	$ 1	$ —	$ 88
Card and payment processing income	68	4	—	—	—	72
Trust and investment management services	15	—	—	40	—	55
Insurance income	14	1	—	9	1	25
Other noninterest income	5	7	—	4	1	17
Net revenue from contracts with customers	$ 166	$ 34	$ 1	$ 54	$ 2	$ 257
Noninterest income within the scope of other GAAP topics	77	80	1	—	29	187
Total noninterest income	$ 243	$ 114	$ 2	$ 54	$ 31	$ 444

(dollar amounts in millions)	Three Months Ended June 30, 2020					
Major Revenue Streams	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 39	$ 18	$ 1	$ 1	$ —	$ 59
Card and payment processing income	52	3	—	—	—	55
Trust and investment management services	10	1	—	34	—	45
Insurance income	12	1	—	11	1	25
Other noninterest income	4	5	—	7	1	17
Net revenue from contracts with customers	$ 117	$ 28	$ 1	$ 53	$ 2	$ 201
Noninterest income within the scope of other GAAP topics	101	57	1	1	30	190
Total noninterest income	$ 218	$ 85	$ 2	$ 54	$ 32	$ 391

(dollar amounts in millions) Major Revenue Streams	Six Months Ended June 30, 2021 Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 112	$ 41	$ 3	$ 1	$ —	$ 157
Card and payment processing income	126	8	—	—	—	134
Trust and investment management services	28	1	—	78	—	107
Insurance income	26	3	—	22	1	52
Other noninterest income	11	9	1	5	3	29
Net revenue from contracts with customers	$ 303	$ 62	$ 4	$ 106	$ 4	$ 479
Noninterest income within the scope of other GAAP topics	174	141	2	1	42	360
Total noninterest income	$ 477	$ 203	$ 6	$ 107	$ 46	$ 839

(dollar amounts in millions) Major Revenue Streams	Six Months Ended June 30, 2020 Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 107	$ 35	$ 2	$ 2	$ —	$ 146
Card and payment processing income	104	7	—	—	—	111
Trust and investment management services	20	2	—	70	—	92
Insurance income	20	3	—	23	2	48
Other noninterest income	12	8	1	8	2	31
Net revenue from contracts with customers	$ 263	$ 55	$ 3	$ 103	$ 4	$ 428
Noninterest income within the scope of other GAAP topics	167	115	2	2	38	324
Total noninterest income	$ 430	$ 170	$ 5	$ 105	$ 42	$ 752

Huntington generally provides services for customers in which it acts as principal. Payment terms and conditions vary amongst services and customers, and thus impact the timing and amount of revenue recognition. Some fees may be paid before any service is rendered and accordingly, such fees are deferred until the obligations pertaining to those fees are satisfied. Most Huntington contracts with customers are cancelable by either party without penalty or they are short-term in nature, with a contract duration of less than one year. Accordingly, most revenue deferred for the reporting period ended June 30, 2021 is expected to be earned within one year. Huntington does not have significant balances of contract assets or contract liabilities and any change in those balances during the reporting period ended June 30, 2021 was determined to be immaterial.

13. FAIR VALUES OF ASSETS AND LIABILITIES

See Note 20 “Fair Value of Assets and Liabilities” to the Consolidated Financial Statements appearing in Huntington’s 2020 Annual Report on Form 10-K for a description of the valuation methodologies used for instruments measured at fair value. Assets and liabilities measured at fair value rarely transfer between Level 1 and Level 2 measurements. There were no such transfers during the three-month and six-month periods ended June 30, 2021 and 2020.

Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at June 30, 2021 and December 31, 2020 are summarized below:

(dollar amounts in millions)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	June 30, 2021
Assets					
Trading account securities:					
Municipal securities	$ —	$ 92	$ —	$ —	$ 92
Corporate debt	—	1	—	—	1
	—	93	—	—	93
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	2,649	—	—	2,649
Residential MBS	—	13,197	—	—	13,197
Commercial MBS	—	1,368	—	—	1,368
Other agencies	—	284	—	—	284
Municipal securities	—	52	3,609	—	3,661
Private-label CMO	—	124	18	—	142
Asset-backed securities	—	255	46	—	301
Corporate debt	—	1,304	—	—	1,304
Other securities/sovereign debt	—	4	—	—	4
	5	19,237	3,673	—	22,915
Other securities	42	24	—	—	66
Loans held for sale	—	1,141	—	—	1,141
Loans held for investment	—	110	21	—	131
MSRs	—	—	327	—	327
Other assets:					
Derivative assets	—	1,655	29	(732)	952
Assets held in trust for deferred compensation plans	130	—	—	—	130
Liabilities					
Other liabilities:					
Derivative liabilities	—	1,042	6	(875)	173

(dollar amounts in millions)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2020
Assets					
Trading account securities:					
Municipal securities	$ —	$ 62	$ —	$ —	$ 62
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	3,666	—	—	3,666
Residential MBS	—	7,935	—	—	7,935
Commercial MBS	—	1,163	—	—	1,163
Other agencies	—	62	—	—	62
Municipal securities	—	53	2,951	—	3,004
Private-label CMO	—	—	9	—	9
Asset-backed securities	—	182	10	—	192
Corporate debt	—	445	—	—	445
Other securities/sovereign debt	—	4	—	—	4
	5	13,510	2,970	—	16,485
Other securities	59	—	—	—	59
Loans held for sale	—	1,198	—	—	1,198
Loans held for investment	—	71	23	—	94
MSRs	—	—	210	—	210
Other assets:					
Derivative assets	—	1,903	43	(889)	1,057
Assets held in trust for deferred compensation plans	73	—	—	—	73
Liabilities					
Other liabilities:					
Derivative liabilities	—	1,031	2	(917)	116

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

The tables below present a rollforward of the balance sheet amounts for the three-month and six-month periods ended June 30, 2021 and 2020, for financial instruments measured on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 measurements may also include observable components of value that can be validated externally. Accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology.

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

(dollar amounts in millions)	MSRs	Derivative instruments	Available-for-sale securities: Municipal securities	Available-for-sale securities: Private-label CMO	Available-for-sale securities: Asset-backed securities	Loans held for investment
	Level 3 Fair Value Measurements Three Months Ended June 30, 2020					
Opening balance	$ 165	$ 39	$ 2,937	$ 2	$ 69	$ 26
Transfers out of Level 3 (1)	—	(55)	—	—	—	—
Total gains/losses for the period:						
Included in earnings	7	56	—	—	—	—
Included in OCI	—	—	69	—	—	—
Purchases/originations	—	—	264	3	—	—
Repayments	—	—	—	—	—	(1)
Settlements	—	—	(168)	—	(13)	—
Closing balance	$ 172	$ 40	$ 3,102	$ 5	$ 56	$ 25
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ 7	$ —	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	(20)	—	—	—

(dollar amounts in millions)	Level 3 Fair Value Measurements Six Months Ended June 30, 2021					
			Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private - label CMO	Asset-backed securities	Loans held for investment
Opening balance	$ 210	$ 41	$ 2,951	$ 9	$ 10	$ 23
Transfers out of Level 3 (1)	—	(70)	—	—	—	—
Total gains/losses for the period:						
Included in earnings	27	45	—	—	—	—
Included in OCI	—	—	(5)	—	—	—
Purchases/originations/acquisitions	130	7	1,353	8	75	—
Sales	—	—	(352)	—	—	—
Repayments	—	—	—	—	—	(2)
Settlements	(40)	—	(338)	1	(39)	—
Closing balance	$ 327	$ 23	$ 3,609	$ 18	$ 46	$ 21
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ 27	$ (21)	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	(4)	—	—	—

(dollar amounts in millions)	Level 3 Fair Value Measurements Six Months Ended June 30, 2020					
			Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Loans held for investment
Opening balance	$ 7	$ 6	$ 2,999	$ 2	$ 48	$ 26
Fair value election for servicing assets previously measured using the amortized method	205	—	—	—	—	—
Transfers out of Level 3 (1)	—	(75)	—	—	—	—
Total gains/losses for the period:						
Included in earnings	(40)	109	(1)	—	—	—
Included in OCI	—	—	1	—	—	—
Purchases/originations	—	—	338	3	28	—
Repayments	—	—	—	—	—	(1)
Settlements	—	—	(235)	—	(20)	—
Closing balance	$ 172	$ 40	$ 3,102	$ 5	$ 56	$ 25
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ (40)	$ 34	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	2	—	—	—

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

The tables below summarize the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the three-month and six-month periods ended June 30, 2021 and 2020:

(dollar amounts in millions)	Level 3 Fair Value Measurements Three Months Ended June 30, 2021	
	MSRs	Derivative instruments
Classification of gains and losses in earnings:		
Mortgage banking income	$ (24)	$ 37
Total	$ (24)	$ 37

(dollar amounts in millions)	Level 3 Fair Value Measurements Three Months Ended June 30, 2020	
	MSRs	Derivative instruments
Classification of gains and losses in earnings:		
Mortgage banking income	$ 7	$ 56
Total	$ 7	$ 56

(dollar amounts in millions)	Level 3 Fair Value Measurements Six Months Ended June 30, 2021	
	MSRs	Derivative instruments
Classification of gains and losses in earnings:		
Mortgage banking income	$ 27	$ 45
Total	$ 27	$ 45

(dollar amounts in millions)	Level 3 Fair Value Measurements Six Months Ended June 30, 2020		
			Available-for-sale securities
	MSRs	Derivative instruments	Municipal securities
Classification of gains and losses in earnings:			
Mortgage banking income	$ (40)	$ 109	$ —
Interest and fee income	—	—	(1)
Total	$ (40)	$ 109	$ (1)

Assets and liabilities under the fair value option

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

(dollar amounts in millions)	June 30, 2021					
	Total Loans			Loans that are 90 or more days past due		
Assets	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Loans held for sale	$ 1,141	$ 1,100	$ 41	$ —	$ —	$ —
Loans held for investment	131	136	(5)	3	4	(1)

(dollar amounts in millions)	December 31, 2020					
	Total Loans			Loans that are 90 or more days past due		
Assets	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Loans held for sale	$ 1,198	$ 1,134	$ 64	$ 2	$ 2	$ —
Loans held for investment	94	99	(5)	7	8	(1)

The following table present the net gains (losses) from fair value changes for the three-month and six-month periods ended June 30, 2021 and 2020.

(dollar amounts in millions)	Net gains (losses) from fair value changes			
	Three Months Ended June 30,		Six Months Ended June 30,	
Assets	2021	2020	2021	2020
Loans held for sale (1)	$ 11	$ 3	$ (23)	$ 22

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

Assets and Liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities may be required to be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. The amounts presented represent the fair value on the various measurement dates throughout the period. The gains (losses) represent the amounts recorded during the period regardless of whether the asset is still held at period end.

The amounts measured at fair value on a nonrecurring basis at June 30, 2021 were as follows:

(dollar amounts in millions)	Fair Value	Fair Value Measurements Using: Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Gains/(Losses) Six Months Ended June 30, 2021
Collateral-dependent loans	17	—	—	17	(2)
Loans held for sale	15	—	—	15	2

Huntington records nonrecurring adjustments of collateral-dependent loans held for investment. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Appraisals are generally obtained to support the fair value of the collateral and incorporate measures such as recent sales prices for comparable properties and cost of construction. Periodically, in cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized in the form of a charge-off.

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

The table below presents quantitative information about the significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis at June 30, 2021 and December 31, 2020:

	Quantitative Information about Level 3 Fair Value Measurements at June 30, 2021 (1)				
(dollar amounts in millions)	Fair Value	Valuation Technique	Significant Unobservable Input	Range	Weighted Average
Measured at fair value on a recurring basis:					
MSRs	$ 327	Discounted cash flow	Constant prepayment rate	7 % - 21%	13 %
			Spread over forward interest rate swap rates	4 % - 11%	5.35 %
Derivative assets	29	Consensus Pricing	Net market price	(14)% - 12%	2 %
			Estimated Pull through %	1 % - 100%	89 %
Municipal securities	3,609	Discounted cash flow	Discount rate	— % - 2%	1 %
Asset-backed securities	46		Cumulative default	— % - 39%	4 %
			Loss given default	5 % - 90%	24 %
Measured at fair value on a nonrecurring basis:					
Collateral-dependent loans	17	Appraisal value	N/A		N/A
Loans held for sale	15	Appraisal value	N/A		N/A

	Quantitative Information about Level 3 Fair Value Measurements at December 31, 2020 (1)				
(dollar amounts in millions)	Fair Value	Valuation Technique	Significant Unobservable Input	Range	Weighted Average
Measured at fair value on a recurring basis:					
MSRs	$ 210	Discounted cash flow	Constant prepayment rate	8 % - 24%	17 %
			Spread over forward interest rate swap rates	4 % - 11%	5 %
Derivative assets	43	Consensus Pricing	Net market price	(4)% - 11%	3 %
			Estimated Pull through %	1 % - 100%	88 %
Municipal securities	2,951	Discounted cash flow	Discount rate	— % 1%	1 %
Asset-backed securities	10		Cumulative default	— % 39%	4 %
			Loss given default	5 % 80%	25 %
Measured at fair value on a nonrecurring basis:					
Collateral-dependent loans	144	Appraisal value	N/A		NA

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

The following provides a general description of the impact of a change in an unobservable input on the fair value measurement and the interrelationship between unobservable inputs, where relevant/significant. Interrelationships may also exist between observable and unobservable inputs.

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

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

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

Fair values of financial instruments

The following table provides the carrying amounts and estimated fair values of Huntington's financial instruments at June 30, 2021 and December 31, 2020:

	June 30, 2021				
(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and short-term assets	$ 13,926	$ —	$ —	$ 13,926	$ 13,926
Trading account securities	—	—	93	93	93
Available-for-sale securities	—	—	22,915	22,915	22,915
Held-to-maturity securities	11,415	—	—	11,415	11,641
Other securities	626	—	66	692	692
Loans held for sale	—	250	1,141	1,391	1,393
Net loans and leases (1)	109,556	—	131	109,687	109,878
Derivative assets	—	—	952	952	952
Assets held in trust for deferred compensation plans	—	—	130	130	130
Financial Liabilities					
Deposits	142,805	—	—	142,805	142,804
Short-term borrowings	391	—	—	391	391
Long-term debt	7,342	—	—	7,342	7,433
Derivative liabilities	—	—	173	173	173

	December 31, 2020				
(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and short-term assets	$ 6,712	$ —	$ —	$ 6,712	$ 6,712
Trading account securities	—	—	62	62	62
Available-for-sale securities	—	—	16,485	16,485	16,485
Held-to-maturity securities	8,861	—	—	8,861	9,255
Other securities	359	—	59	418	418
Loans held for sale	—	77	1,198	1,275	1,275
Net loans and leases (1)	79,700	—	94	79,794	80,477
Derivative assets	—	—	1,057	1,057	1,057
Assets held in trust for deferred compensation plans	—	—	73	73	73
Financial Liabilities					
Deposits	98,948	—	—	98,948	99,021
Short-term borrowings	183	—	—	183	183
Long-term debt	8,352	—	—	8,352	8,568
Derivative liabilities	—	—	116	116	116

(1) Includes collateral-dependent loans.

The following table presents the level in the fair value hierarchy for the estimated fair values at June 30, 2021 and December 31, 2020:

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	June 30, 2021
Financial Assets					
Trading account securities	$ —	$ 93	$ —		$ 93
Available-for-sale securities	5	19,237	3,673		22,915
Held-to-maturity securities	—	11,641	—		11,641
Other securities (2)	42	24	—		66
Loans held for sale	—	1,141	252		1,393
Net loans and direct financing leases	—	110	109,768		109,878
Derivative assets	—	1,655	29	$ (732)	952
Financial Liabilities					
Deposits	—	136,863	5,941		142,804
Short-term borrowings	—	391	—		391
Long-term debt	—	6,655	778		7,433
Derivative liabilities	—	1,042	6	(875)	173

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2020
Financial Assets					
Trading account securities	$ —	$ 62	$ —		$ 62
Available-for-sale securities	5	13,510	2,970		16,485
Held-to-maturity securities	—	9,255	—		9,255
Other securities (2)	59	—	—		59
Loans held for sale	—	1,198	77		1,275
Net loans and direct financing leases	—	71	80,406		80,477
Derivative assets	—	1,903	43	$ (889)	1,057
Financial Liabilities					
Deposits	—	96,656	2,365		99,021
Short-term borrowings	—	183	—		183
Long-term debt	—	7,999	569		8,568
Derivative liabilities	—	1,031	2	(917)	116

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions and cash collateral held or placed with the same counterparties.
(2) Excludes securities without readily determinable fair values.

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

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

The following table presents the fair values and notional values of all derivative instruments included in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2021 and December 31, 2020. Amounts in the table below are presented gross without the impact of any net collateral arrangements.

	June 30, 2021			December 31, 2020		
(dollar amounts in millions)	Notional Value	Asset	Liability	Notional Value	Asset	Liability
Derivatives designated as Hedging Instruments						
Interest rate contracts	$ 20,452	$ 541	$ 41	$ 27,056	$ 719	$ 51
Foreign exchange contracts	220	5	1	—	—	—
Derivatives not designated as Hedging Instruments						
Interest rate contracts	53,363	871	745	44,495	1,074	828
Foreign exchange contracts	3,101	48	45	2,718	46	47
Commodities contracts	1,614	214	210	1,952	107	103
Equity contracts	694	5	6	517	—	4
Total Contracts	$ 79,444	$ 1,684	$ 1,048	$ 76,738	$ 1,946	$ 1,033

The following table presents the amount of gain or loss recognized in income for derivatives not designated as hedging instruments under ASC Subtopic 815-10 in the Unaudited Condensed Consolidated Income Statement for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.

		Amount of Gain or (Loss) Recognized in Income on Derivative			
		Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	Location of Gain or (Loss) Recognized in Income on Derivative	2021	2020	2021	2020
Interest rate contracts:					
Customer	Capital markets fees	$ 12	$ 12	$ 24	$ 29
Mortgage banking	Mortgage banking income	(23)	6	(29)	63
Interest rate floors	Interest and fee income on loans and leases	(2)	—	(4)	—
Interest rate caps	Interest expense on long-term debt	(55)	—	89	—
Foreign exchange contracts	Capital markets fees	7	6	13	12
Commodities contracts	Capital markets fees	—	1	—	3
Equity contracts	Other noninterest expense	3	(1)	(4)	(3)
Total		$ (58)	$ 24	$ 89	$ 104

Derivatives used in asset and liability management activities

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

The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at June 30, 2021 and December 31, 2020, identified by the underlying interest rate-sensitive instruments.

	June 30, 2021			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ 5,201	$ —	$ —	$ 5,201
Loans	—	10,450	1,471	11,921
Long-term debt	4,801	—	—	4,801
Total notional value at June 30, 2021	$ 10,002	$ 10,450	$ 1,471	$ 21,923

	December 31, 2020			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ 3,484	$ —	$ —	$ 3,484
Loans	—	17,375	1,271	18,646
Long-term debt	6,197	—	5,000	11,197
Total notional value at December 31, 2020	$ 9,681	$ 17,375	$ 6,271	$ 33,327

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. Net amounts receivable or payable on contracts hedging either interest earning assets or interest bearing liabilities were accrued as an adjustment to either interest income or interest expense. Adjustments to interest income were also recorded for the amounts related to the amortization of floors and forward-starting floors that were excluded from the hedge effectiveness, changes in the fair value of economic hedges, as well as the amounts related to terminated hedges reclassified from AOCI. The net amounts resulted in an increase to net interest income of $5 million and $52 million for the three-month periods ended June 30, 2021, and 2020, respectively. For the six-month periods ended June 30, 2021, and 2020, the net amounts resulted in an increase to net interest income of $230 million and $68 million, respectively.

Fair Value Hedges

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

Huntington has designated $4.8 billion of interest rate swaps as fair value hedges of fixed-rate investment securities using the last-of-layer method. This approach allows the Company to designate as the hedged item a stated amount of the assets that are not expected to be affected by prepayments, defaults and other factors affecting the timing and amount of cash flows. The fair value basis adjustment on our hedged mortgage-backed securities is included in available-for-sale securities on our Unaudited Condensed Consolidated Statements of Financial Condition. Huntington has also designated $0.4 billion of interest rate swaps as fair value hedges of fixed-rate corporate bonds.

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for the three-month and six-month periods ended June 30, 2021 and 2020.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020	2021	2020
Interest rate contracts				
Change in fair value of interest rate swaps hedging investment securities (1)	$ (6)	$ (1)	$ 37	$ (1)
Change in fair value of hedged investment securities (1)	4	1	(40)	1
Change in fair value of interest rate swaps hedging long-term debt (2)	(23)	(5)	(73)	196
Change in fair value of hedged long term debt (2)	22	(4)	74	(195)

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

As of June 30, 2021, and December 31, 2020, the following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges.

	Amortized Cost		Cumulative Amount of Fair Value Hedging Adjustment To Hedged Items	
(dollar amounts in millions)	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Assets				
Investment securities (1)	$ 11,960	$ 6,637	$ (1)	$ 3
Liabilities				
Long-term debt	4,947	6,383	158	232

(1) Amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. As of June 30, 2021, the amortized cost basis of the closed portfolios used in these hedging relationships was $11.5 billion, the cumulative basis adjustments associated with these hedging relationships was $1 million, and the amounts of the designated hedging instruments were $4.8 billion.

The cumulative amount of fair value hedging adjustments remaining for any hedged assets and liabilities for which hedge accounting has been discontinued was $(48) million and $(62) million at June 30, 2021 and December 31, 2020, respectively.

Cash Flow Hedges

At June 30, 2021, Huntington has $10.5 billion of interest rate floors, floor spreads and swaps. These are designated as cash flow hedges for variable rate commercial loans indexed to LIBOR. The change in the fair value of a derivative instrument designated as a cash flow hedge is initially recognized in OCI and is reclassified into income when the hedged item impacts earnings. The initial premium paid for the interest rate floor contracts represents the time value of the contracts and is not included in the measurement of hedge effectiveness. Any change in fair value related to time value is recognized in OCI. The initial premium paid is amortized on a straight line basis as a reduction to interest income over the contractual life of these contracts.

Gains and (losses) on interest rate floors, floor spreads, and swaps recognized in other comprehensive income were $(39) million and $11 million for the three-month periods ended June 30, 2021 and 2020, respectively. For the six-month periods ended June 30, 2021 and 2020, gains and losses on interest rate floors and swaps recognized in other comprehensive income were $(73) million and $319 million, respectively.

Net investment Hedges

Huntington has entered into forward foreign exchange contracts to hedge the value of the Company's investments in non-U.S. dollar functional currency entities. The total notional amount of forward foreign exchange contracts at June 30, 2021 was $220 million.

Derivatives used in mortgage banking activities

Mortgage loan origination hedging activity

Huntington's mortgage origination hedging activity is related to economically hedging Huntington's mortgage pricing commitments to customers and the secondary sale to third parties. The value of a newly originated mortgage is not firm until the interest rate is committed or locked. Forward commitments to sell economically hedge the possible loss on interest rate lock commitments due to interest rate change. The net asset position of these derivatives at June 30, 2021 and December 31, 2020 are $21 million and $26 million, respectively. At June 30, 2021 and December 31, 2020, Huntington had commitments to sell residential real estate loans of $2.3 billion and $2.9 billion, respectively. These contracts mature in less than one year.

MSR hedging activity

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

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

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Notional value	$ 1,193	$ 1,170
Trading assets	24	43

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
(dollar amounts in millions)	2021	2020	2021	2020
Trading gains	$ 22	$ 6	$ (24)	$ 63

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

Derivatives used in customer related activities

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

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

The net fair values of these derivative financial instruments, for which the gross amounts are included in other assets or other liabilities at both June 30, 2021 and December 31, 2020, were $74 million and $70 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $51 billion and $37 billion at June 30, 2021 and December 31, 2020, respectively. Huntington's credit risk from customer derivatives was $853 million and $882 million at the same dates, respectively.

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

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

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

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

In addition to the customer derivative credit exposure, aggregate credit risk associated with broker-dealer and bank derivative transactions, net of collateral that has been pledged by the counterparty, was $99 million and $175 million at June 30, 2021 and December 31, 2020, respectively. The credit risk associated with derivatives is calculated after considering master netting agreements.

At June 30, 2021, Huntington pledged $458 million of investment securities and cash collateral to counterparties, while other counterparties pledged $303 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington would not be required to provide additional collateral.

The following tables present the gross amounts of these assets and liabilities with any offsets to arrive at the net amounts recognized in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2021 and December 31, 2020.

Offsetting of Financial Assets and Derivative Assets

				Gross amounts not offset in the unaudited condensed consolidated balance sheets		
(dollar amounts in millions)	Gross amounts of recognized assets	Gross amounts offset in the unaudited condensed consolidated balance sheets	Net amounts of assets presented in the unaudited condensed consolidated balance sheets	Financial instruments	Cash collateral received	Net amount
June 30, 2021	$ 1,684	$ (732)	$ 952	$ (82)	$ (146)	$ 724
December 31, 2020	1,946	(889)	1,057	(112)	(142)	803

Offsetting of Financial Liabilities and Derivative Liabilities

				Gross amounts not offset in the unaudited condensed consolidated balance sheets		
(dollar amounts in millions)	Gross amounts of recognized liabilities	Gross amounts offset in the unaudited condensed consolidated balance sheets	Net amounts of liabilities presented in the unaudited condensed consolidated balance sheets	Financial instruments	Cash collateral delivered	Net amount
June 30, 2021	$ 1,048	$ (875)	$ 173	$ —	$ (173)	$ —
December 31, 2020	1,033	(917)	116	(9)	(105)	2

15. VIEs

Unconsolidated VIEs

The following tables provide a summary of the assets and liabilities included in Huntington's Unaudited Condensed Consolidated Financial Statements, as well as the maximum exposure to losses, associated with its interests related to unconsolidated VIEs for which Huntington holds an interest in, but is not the primary beneficiary, of the VIE at June 30, 2021, and December 31, 2020:

	June 30, 2021		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Trust Preferred Securities	$ 14	$ 274	$ —
Affordable Housing Tax Credit Partnerships	1,293	644	1,293
Other Investments	422	105	422
Total	$ 1,729	$ 1,023	$ 1,715

	December 31, 2020		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Trust Preferred Securities	$ 14	$ 252	$ —
Affordable Housing Tax Credit Partnerships	956	500	956
Other Investments	308	72	308
Total	$ 1,278	$ 824	$ 1,264

Trust-Preferred Securities

Huntington has certain wholly-owned trusts whose assets, liabilities, equity, income, and expenses are not included within Huntington's Unaudited Condensed Consolidated Financial Statements. These trusts have been formed for the sole purpose of issuing trust-preferred securities, from which the proceeds are then invested in Huntington junior subordinated debentures, which are reflected in Huntington's Unaudited Condensed Consolidated Balance Sheet as long-term debt. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington's Unaudited Condensed Consolidated Financial Statements.

A list of trust preferred securities outstanding at June 30, 2021 follows:

(dollar amounts in millions)	Rate		Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	0.85 %	(2)	$ 70	$ 6
Huntington Capital II	0.77	(3)	32	3
Sky Financial Capital Trust III	1.55	(4)	72	2
Sky Financial Capital Trust IV	1.55	(4)	74	2
Camco Financial Trust	1.48	(5)	5	1
First Huron Trust	5.07		5	—
First Place Capital Trust I	3.00	(6)	4	—
First Place Capital Trust II	6.45		4	—
First Place Capital Trust III	5.69		8	—
Total			$ 274	$ 14

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at June 30, 2021, based on three-month LIBOR +0.70%.
(3) Variable effective rate at June 30, 2021, based on three-month LIBOR +0.625%.
(4) Variable effective rate at June 30, 2021, based on three-month LIBOR +1.40%.
(5) Variable effective rate at June 30, 2021, based on three-month LIBOR +1.33%.
(6) Variable effective rate at June 30, 2021, based on three-month LIBOR +2.85%.

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

Affordable Housing Tax Credit Partnerships

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

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

The following table presents the balances of Huntington's affordable housing tax credit investments and related unfunded commitments at June 30, 2021 and December 31, 2020.

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Affordable housing tax credit investments	$ 1,957	$ 1,568
Less: amortization	(664)	(612)
Net affordable housing tax credit investments	$ 1,293	$ 956
Unfunded commitments	$ 644	$ 500

The following table presents other information relating to Huntington's affordable housing tax credit investments for the three-month and six-month periods ended June 30, 2021 and 2020.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2021	2020	2021	2020
Tax credits and other tax benefits recognized	$ 44	$ 30	$ 77	$ 59
Proportional amortization expense included in provision for income taxes	30	25	58	50

There were no sales of affordable housing tax credit investments during the three-month and six-month periods ended June 30, 2021 and 2020. There was no impairment recognized for the three-month and six-month periods ended June 30, 2021 and 2020.

Other investments

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

16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contract amounts of these financial agreements at June 30, 2021 and December 31, 2020, were as follows:

(dollar amounts in millions)	June 30, 2021	December 31, 2020
Contract amount representing credit risk		
Commitments to extend credit:		
Commercial	$ 31,990	$ 20,701
Consumer	19,704	14,808
Commercial real estate	2,287	1,313
Standby letters of credit and guarantees on industrial revenue bonds	714	581
Commercial letters of credit	17	21

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

Standby letters-of-credit and guarantees on industrial revenue bonds are conditional commitments issued to guarantee the performance of a customer to a third-party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years. Since the conditions under which Huntington is required to fund these commitments may not materialize, the cash requirements are expected to be less than the total outstanding commitments. The carrying amount of deferred revenue associated with these guarantees was $6 million and $5 million at June 30, 2021 and December 31, 2020, respectively.

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

Litigation and Regulatory Matters

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

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

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

For certain matters, Huntington is able to estimate a range of possible loss. In cases in which Huntington possesses information to estimate a range of possible loss, that estimate is aggregated and disclosed below. There may be other matters for which a loss is probable or reasonably possible but such an estimate of the range of possible loss may not be possible. For those matters where an estimate of the range of possible loss is possible, management currently estimates the aggregate range of reasonably possible loss is $0 to $15 million at June 30, 2021 in excess of the accrued liability (if any) related to those matters. This estimated range of possible loss is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. The estimated range of possible loss does not represent Huntington's maximum loss exposure.

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

17. SEGMENT REPORTING

Huntington's business segments are based on our internally-aligned segment leadership structure, which is how management monitors results and assesses performance. The Company has four major business segments: Consumer and Business Banking, Commercial Banking, Vehicle Finance, Regional Banking and The Huntington Private Client Group (RBHPCG). The Treasury / Other function includes technology and operations, other unallocated assets, liabilities, revenue, and expense. For a description of our business segments, see Note 26 - Segment Reporting to the Consolidated Financial Statements appearing in Huntington's 2020 Annual Report on Form 10-K.

Listed in the table below is certain operating basis financial information reconciled to Huntington's June 30, 2021, December 31, 2020, and June 30, 2020, reported results by business segment.

Income Statements (dollar amounts in millions)	Three Months Ended June 30,					
	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
2021						
Net interest income	$ 366	$ 258	$ 109	$ 37	$ 68	$ 838
Provision (benefit) for credit losses	100	137	(31)	5	—	211
Noninterest income	243	114	2	54	31	444
Noninterest expense	513	173	37	72	277	1,072
Provision (benefit) for income taxes	—	13	21	3	(23)	14
Net (loss) income	$ (4)	$ 49	$ 84	$ 11	$ (155)	$ (15)
2020						
Net interest income	$ 368	$ 240	$ 100	$ 40	$ 44	$ 792
Provision for credit losses	31	226	70	—	—	327
Noninterest income	218	85	2	54	32	391
Noninterest expense	422	136	34	62	21	675
Provision (benefit) for income taxes	27	(7)	—	6	5	31
Net income (loss)	$ 106	$ (30)	$ (2)	$ 26	$ 50	$ 150

Income Statements (dollar amounts in millions)	Six months ended June 30,					
	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
2021						
Net interest income	$ 703	$ 457	$ 217	$ 70	$ 363	$ 1,810
Provision (benefit) for credit losses	63	143	(53)	(2)	—	151
Noninterest income	477	203	6	107	46	839
Noninterest expense	984	306	72	132	371	1,865
Provision (benefit) for income taxes	28	44	43	10	(9)	116
Net income	$ 105	$ 167	$ 161	$ 37	$ 47	$ 517
2020						
Net interest income	$ 733	$ 472	$ 206	$ 83	$ 88	$ 1,582
Provision for credit losses	114	523	131	—	—	768
Noninterest income	430	170	5	105	42	752
Noninterest expense	840	265	69	124	29	1,327
Provision (benefit) for income taxes	44	(31)	2	14	12	41
Net income (loss)	$ 165	$ (115)	$ 9	$ 50	$ 89	$ 198

(dollar amounts in millions)	Assets at		Deposits at	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Consumer & Business Banking	$ 43,250	$ 30,758	$ 95,693	$ 60,910
Commercial Banking	54,053	36,311	32,624	24,766
Vehicle Finance	19,998	19,789	1,155	722
RBHPCG	7,763	7,064	8,416	7,635
Treasury / Other	50,108	29,116	4,917	4,915
Total	$ 175,172	$ 123,038	$ 142,805	$ 98,948

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures for the current period can be found in the Market Risk section of this report, which includes changes in market risk exposures from disclosures presented in Huntington's 2020 Annual Report on Form 10-K.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Huntington maintains disclosure controls and procedures designed to ensure that the information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act), are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Huntington's management, with the participation of its Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Huntington's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2021. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2021, Huntington's disclosure controls and procedures were effective.

TCF was acquired on June 9, 2021. We have extended oversight and monitoring processes that support internal control over financial reporting to include the acquired operations. There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART II. OTHER INFORMATION

In accordance with the instructions to Part II, the other specified items in this part have been omitted because they are not applicable or the information has been previously reported.

Item 1: Legal Proceedings

Information required by this item is set forth in Note 16 "Commitments and Contingent Liabilities" of the Notes to Unaudited Condensed Consolidated Financial Statements under the caption "Litigation and Regulatory Matters" and is incorporated into this Item by reference.

Item 1A: Risk Factors

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

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

(a) and (b)

Not Applicable

(c)

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2021 to April 30, 2021	—	—	—
May 1, 2020 to May 31, 2021	—	—	—
June 1, 2021 to June 30, 2021	—	—	—
Total	—	$ —	$ —

(1) The reported shares were repurchased pursuant to Huntington's publicly-announced share repurchase authorization.
(2) The number shown represents, as of the end of each period, the approximate dollar value of Common Stock that may yet be purchased under publicly-announced share repurchase authorizations. The shares may be purchased, from time-to-time, depending on market conditions.

Subsequent to quarter end, the Board approved the repurchase of up to $800 million of common shares over the next four quarters. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs.

Item 6. Exhibits

Exhibit Index

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

The SEC maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is *http://www.sec.gov*. The reports and other information filed by us with the SEC are also available free of charge at our internet web site. The address of the site is *http://www.huntington.com*. Except as specifically incorporated by reference into this Quarterly Report on Form 10-Q, information on those web sites is not part of this report. You also should be able to inspect reports, proxy statements, and other information about us at the offices of the Nasdaq National Market at 33 Whitehall Street, New York, New York 10004.

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3.1	Articles Supplementary of Huntington Bancshares Incorporated, as of January 18, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.1
3.2	Articles of Restatement of Huntington Bancshares Incorporated, as of January 18, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.2
3.3	Articles Supplementary of Huntington Bancshares Incorporated, as of May 27, 2020.	Current Report on Form 8-K dated May 28, 2020.	001-34073	3.1
3.4	Articles Supplementary of Huntington Bancshares Incorporated, as of August 5, 2020.	Current Report on Form 8-K dated August 10, 2020.	001-34073	3.1
3.5	Bylaws of Huntington Bancshares Incorporated, as amended and restated on January 16, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.3
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of February 5, 2021	Current Report on Form 8-K dated February 5, 2021.	001-34073	3.1
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of June 8, 2021	Current Report on Form 8-K dated June 8, 2021	001-34073	3.1
3.8	Articles of Amendment of Huntington Bancshares Incorporated to Articles of Restatement of Huntington Bancshares Incorporated, as of June 8, 2021	Current Report on Form 8-K dated June 8, 2021	001-34073	3.2
10.1	Huntington Bancshares Incorporated Amended and Restated 2018 Long-Term Incentive Plan	Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders.	001-34073	Appendix B
4.1(P)	Instruments defining the Rights of Security Holders—reference is made to Articles Fifth, Eighth, and Tenth of Articles of Restatement of Charter, as amended and supplemented. Instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.			
31.1	*Rule 13a-14(a) Certification – Chief Executive Officer.			
31.2	*Rule 13a-14(a) Certification – Chief Financial Officer.			
32.1	**Section 1350 Certification – Chief Executive Officer.			
32.2	**Section 1350 Certification – Chief Financial Officer.			
101.INS	***The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document			
101.SCH	*Inline XBRL Taxonomy Extension Schema Document			
101.CAL	*Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	*Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	*Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	*Inline XBRL Taxonomy Extension Presentation Linkbase Document			

* Filed herewith

** Furnished herewith

*** The following material from Huntington's Form 10-Q Report for the quarterly period ended June 30, 2021 formatted in Inline XBRL: (1) Unaudited Condensed Consolidated Balance Sheets, (2) Unaudited Condensed Consolidated Statements of Income, (3) Unaudited Condensed Consolidated Statements of Comprehensive Income (4) Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity, (5) Unaudited Condensed Consolidated Statements of Cash Flows, and (6) the Notes to Unaudited Condensed Consolidated Financial Statements.

SIGNATURES

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

HUNTINGTON BANCSHARES INCORPORATED
(Registrant)

Date: August 6, 2021	/s/ Stephen D. Steinour
	Stephen D. Steinour
	Chairman, President, and Chief Executive Officer (Principal Executive Officer)
Date: August 6, 2021	/s/ Zachary Wasserman
	Zachary Wasserman
	Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Stephen D. Steinour, certify that:

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

Date: August 6, 2021

/s/ Stephen D. Steinour

Stephen D. Steinour

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Zachary Wasserman, certify that:

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

Date: August 6, 2021

/s/ Zachary Wasserman
Zachary Wasserman
Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the “Company”) on Form 10-Q for the three months ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen D. Steinour, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Stephen D. Steinour
Stephen D. Steinour
Chief Executive Officer
August 6, 2021

Exhibit 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the "Company") on Form 10-Q for the three months ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Zachary Wasserman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Zachary Wasserman
Zachary Wasserman
Chief Financial Officer
August 6, 2021