

HUNTINGTON BANCSHARES INC/MD

Form 10-Q

July 31, 2017

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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

QUARTERLY PERIOD ENDED June 30, 2017

Commission File Number 1-34073

Huntington Bancshares Incorporated

Maryland

31-0724920

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

41 South High Street, Columbus, Ohio 43287

Registrant's telephone number, including area code (614) 480-8300

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

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

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

☒ Large accelerated filer

☐ Non-accelerated filer
(Do not check if a smaller
reporting company)

☐ 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 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

There were 1,090,016,469 shares of Registrant's common stock (\$0.01 par value) outstanding on June 30, 2017.

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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:

ABS	Asset-Backed Securities
ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ANPR	Advance Notice of Proposed Rulemaking
ASC	Accounting Standards Codification
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
BHC	Bank Holding Companies
BHC Act	Bank Holding Company Act of 1956
C&I	Commercial and Industrial
Camco Financial	Camco Financial Corp.
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificate of Deposit
CET1	Common equity tier 1 on a transitional Basel III basis
CFPB	Bureau of Consumer Financial Protection
CISA	Cybersecurity Information Sharing Act
CMO	Collateralized Mortgage Obligations
CRA	Community Reinvestment Act

CRE	Commercial Real Estate
CREVF	Commercial Real Estate and Vehicle Finance
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EFT	Electronic Fund Transfer
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHA	Federal Housing Administration
FHC	Financial Holding Company
FHLB	Federal Home Loan Bank

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FICO	Fair Isaac Corporation
FirstMerit	FirstMerit Corporation
FRB	Federal Reserve Bank
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America
HAA	Huntington Asset Advisors, Inc.
HASI	Huntington Asset Services, Inc.
HQLA	High Quality Liquid Asset
HTM	Held-to-Maturity
IRS	Internal Revenue Service
LCR	Liquidity Coverage Ratio
LGD	Loss-Given-Default
LIBOR	London Interbank Offered Rate
LIHTC	Low Income Housing Tax Credit
LTV	Loan to Value
Macquarie	Macquarie Equipment Finance, Inc. (U.S. operations)
MBS	Mortgage-Backed Securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MSA	Metropolitan Statistical Area
MSR	Mortgage Servicing Rights
NAICS	North American Industry Classification System
NALs	Nonaccrual Loans
NCO	Net Charge-off

NII	Net Interest Income
NIM	Net Interest Margin
NPA's	Nonperforming Assets
N.R.	Not relevant. Denominator of calculation is a gain in the current period compared with a loss in the prior period, or vice-versa
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
PD	Probability-Of-Default
Plan	Huntington Bancshares Retirement Plan
RBHPCG	Regional Banking and The Huntington Private Client Group
REIT	Real Estate Investment Trust

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ROC	Risk Oversight Committee
RWA	Risk-Weighted Assets
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SRIP	Supplemental Retirement Income Plan
TCE	Tangible Common Equity
TDR	Troubled Debt Restructured Loan
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
Unified	Unified Financial Securities, Inc.
UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

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PART I. FINANCIAL INFORMATION

When we refer to “we”, “our”, and “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 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 leasing, investment management, trust services, brokerage services, insurance programs, and other financial products and services. Our 996 branches and private client group offices are located in Ohio, Illinois, Indiana, Kentucky, Michigan, Pennsylvania, West Virginia, and Wisconsin. Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2016 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2016 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.

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EXECUTIVE OVERVIEW

Summary of 2017 Second Quarter Results Compared to 2016 Second Quarter

For the quarter, we reported net income of \$272 million, or \$0.23 per common share, compared with \$175 million, or \$0.19 per common share, in the year-ago quarter (see Table 1). Reported net income was impacted by FirstMerit acquisition-related net expenses totaling \$50 million pre-tax, or \$0.03 per common share.

Fully-taxable equivalent net interest income was \$757 million, up \$241 million, or 47%. The results reflected the benefit from a \$23.9 billion, or 35%, increase in average earning assets and a 25 basis point improvement in the net interest margin to 3.31%. Average earning asset growth included a \$15.4 billion, or 30%, increase in average loans and leases, and an \$8.5 billion, or 56%, increase in average securities, both of which were impacted by the FirstMerit acquisition. The net interest margin expansion reflected a 34 basis point increase in earning asset yields, including an approximate 15 basis point impact of purchase accounting, and a 2 basis point increase in the benefit from noninterest-bearing funds, partially offset by an 11 basis point increase in funding costs.

The provision for credit losses was \$25 million consistent with the year-ago quarter. NCOs increased \$19 million to \$36 million, primarily as a result of Consumer charge-offs on the acquired FirstMerit portfolio. NCOs represented an annualized 0.21% of average loans and leases, which remains below our long-term target of 35 to 55 basis points. Noninterest income was \$325 million, up \$54 million, or 20%. The increase was primarily a result of the FirstMerit acquisition. In addition, card and payment processing income increased due to higher credit and debit card related income and underlying customer growth. Also, service charges on deposit accounts increased reflecting continued new customer acquisition.

Noninterest expense was \$694 million, up \$171 million, or 33%, primarily reflecting the impact of the FirstMerit acquisition. Personnel costs increased primarily reflecting an increase in average full-time equivalent employees and an increase in acquisition-related personnel expense. Further, deposit and other insurance expense increased, as a result of the larger assessment base as well as the FDIC Large Institution Surcharge implemented during the 2016 third quarter.

The tangible common equity to tangible assets ratio was 7.41%, down 55 basis points from a year-ago. The CET1 risk-based capital ratio was 9.88% at June 30, 2017, compared to 9.80% a year ago. The regulatory tier 1 risk-based capital ratio was 11.24% compared to 11.37% at June 30, 2016. Capital ratios were impacted by the goodwill created and the issuance of common stock as part of the FirstMerit acquisition. The regulatory Tier 1 risk-based and total risk-based capital ratios benefited from the issuance of Class C preferred equity during the 2016 third quarter in exchange for FirstMerit preferred equity in conjunction with the acquisition. The total risk-based capital ratio was impacted by the repurchase of trust preferred securities during the 2016 third quarter and fourth quarter. In addition, certain trust preferred securities were acquired in the FirstMerit acquisition and subsequently were redeemed. There were no common shares repurchased over the past five quarters.

Business Overview

General

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

Economy

We expect ongoing consumer and business confidence to translate into private sector investment fueling continued economic momentum. We are seeing solid manufacturing and infrastructure growth in the Midwest. Businesses are adding jobs and investing more, and our pipelines have remained steady.

DISCUSSION OF RESULTS OF OPERATIONS

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

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Table 1 - Selected Quarterly Income Statement Data (1)

(dollar amounts in thousands, except per share amounts)

	Three Months Ended				
	June 30,	March 31,	December	September	June 30,
	2017	2017	31, 2016	30, 2016	2016
Interest income	\$846,424	\$820,360	\$814,858	\$694,346	\$565,658
Interest expense	101,912	90,385	79,877	68,956	59,777
Net interest income	744,512	729,975	734,981	625,390	505,881
Provision for credit losses	24,978	67,638	74,906	63,805	24,509
Net interest income after provision for credit losses	719,534	662,337	660,075	561,585	481,372
Service charges on deposit accounts	87,582	83,420	91,577	86,847	75,613
Cards and payment processing income	52,485	47,169	49,113	44,320	39,184
Mortgage banking income	32,268	31,692	37,520	40,603	31,591
Trust and investment management services	32,232	33,869	34,016	28,923	22,497
Insurance income	15,843	15,264	16,486	15,865	15,947
Brokerage income	16,294	15,758	17,014	14,719	14,599
Capital markets fees	16,836	14,200	18,730	14,750	13,037
Bank owned life insurance income	15,322	17,542	17,067	14,452	12,536
Gain on sale of loans	12,002	12,822	24,987	7,506	9,265
Securities gains (losses)	135	(8)	(1,771)	1,031	656
Other Income	44,219	40,735	29,598	33,399	36,187
Total noninterest income	325,218	312,463	334,337	302,415	271,112
Personnel costs	391,997	382,000	359,755	405,024	298,949
Outside data processing and other services	75,169	87,202	88,695	91,133	63,037
Equipment	42,924	46,700	59,666	40,792	31,805
Net occupancy	52,613	67,700	49,450	41,460	30,704
Professional services	18,190	18,295	23,165	47,075	21,488
Marketing	18,843	13,923	21,478	14,438	14,773
Deposit and other insurance expense	20,418	20,099	15,772	14,940	12,187
Amortization of intangibles	14,242	14,355	14,099	9,046	3,600
Other expense	59,968	57,148	49,417	48,339	47,118
Total noninterest expense	694,364	707,422	681,497	712,247	523,661
Income before income taxes	350,388	267,378	312,915	151,753	228,823
Provision for income taxes	78,647	59,284	73,952	24,749	54,283
Net income	271,741	208,094	238,963	127,004	174,540
Dividends on preferred shares	18,889	18,878	18,865	18,537	19,874
Net income applicable to common shares	\$252,852	\$189,216	\$220,098	\$108,467	\$154,666
Average common shares—basic	1,088,934	1,086,374	1,085,253	938,578	798,167
Average common shares—diluted	1,108,527	1,108,617	1,104,358	952,081	810,371
Net income per common share—basic	\$0.23	\$0.17	\$0.20	\$0.12	\$0.19
Net income per common share—diluted	0.23	0.17	0.20	0.11	0.19
Cash dividends declared per common share	0.08	0.08	0.08	0.07	0.07
Return on average total assets	1.09	% 0.84	% 0.95	% 0.58	% 0.96
Return on average common shareholders' equity	10.6	8.2	9.4	5.4	9.6
Return on average tangible common shareholders' equity (2)	14.4	11.3	12.9	7.0	11.0
Net interest margin (3)	3.31	3.30	3.25	3.18	3.06

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Efficiency ratio (4)	62.9	65.7	61.6	75.0	66.1
Effective tax rate	22.4	22.2	23.6	16.3	23.7
Revenue—FTE					
Net interest income	\$744,512	\$729,975	\$734,981	\$625,390	\$505,881
FTE adjustment	12,069	12,058	12,560	10,598	10,091
Net interest income (3)	756,581	742,033	747,541	635,988	515,972
Noninterest income	325,218	312,463	334,337	302,415	271,112
Total revenue (3)	\$1,081,799	\$1,054,496	\$1,081,878	\$938,403	\$787,084

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

	Six Months Ended June 30,		Change		
	2017	2016	Amount	Percent	
Interest income	\$1,666,784	\$1,122,909	\$543,875	48	%
Interest expense	192,297	113,962	78,335	69	
Net interest income	1,474,487	1,008,947	465,540	46	
Provision for credit losses	92,616	52,091	40,525	78	
Net interest income after provision for credit losses	1,381,871	956,856	425,015	44	
Service charges on deposit accounts	171,002	145,875	25,127	17	
Cards and payment processing income	99,654	75,631	24,023	32	
Mortgage banking income	63,960	50,134	13,826	28	
Trust and investment management services	66,101	45,335	20,766	46	
Insurance income	31,107	32,172	(1,065)	(3))
Brokerage income	32,052	30,101	1,951	6	
Capital markets fees	31,036	26,047	4,989	19	
Bank owned life insurance income	32,864	26,049	6,815	26	
Gain on sale of loans	24,824	14,660	10,164	69	
Securities gains	127	656	(529)	(81))
Other income	84,954	66,319	18,635	28	
Total noninterest income	637,681	512,979	124,702	24	
Personnel costs	773,997	584,346	189,651	32	
Outside data processing and other services	162,371	124,915	37,456	30	
Equipment	89,624	64,381	25,243	39	
Net occupancy	120,313	62,180	58,133	93	
Professional services	36,485	35,026	1,459	4	
Marketing	32,766	27,041	5,725	21	
Deposit and other insurance expense	40,517	23,395	17,122	73	
Amortization of intangibles	28,597	7,312	21,285	291	
Other expense	117,116	86,145	30,971	36	
Total noninterest expense	1,401,786	1,014,741	387,045	38	
Income before income taxes	617,766	455,094	162,672	36	
Provision for income taxes	137,931	109,240	28,691	26	
Net income	479,835	345,854	133,981	39	
Dividends declared on preferred shares	37,767	27,872	9,895	36	
Net income applicable to common shares	\$442,068	\$317,982	\$124,086	39	%
Average common shares—basic	1,087,654	796,961	290,693	36	%
Average common shares—diluted	1,108,572	809,360	299,212	37	
Net income per common share—basic	\$0.41	\$0.40	\$0.01	3	
Net income per common share—diluted	0.40	0.39	0.01	3	
Cash dividends declared per common share	0.16	0.14	0.02	14	
Revenue—FTE					
Net interest income	\$1,474,487	\$1,008,947	\$465,540	46	%
FTE adjustment	24,127	19,250	4,877	25	
Net interest income (3)	1,498,614	1,028,197	470,417	46	
Noninterest income	637,681	512,979	124,702	24	
Total revenue (3)	\$2,136,295	\$1,541,176	\$595,119	39	%

- (1) Comparisons for presented periods are impacted by a number of factors. Refer to the “Significant Items” for additional discussion regarding these key factors.
Net income excluding expense for amortization of intangibles for the period divided by average tangible common
- (2) shareholders’ equity. Average tangible common shareholders’ equity equals average total common shareholders’ equity less average intangible assets and goodwill. Expense for amortization of intangibles and average intangible assets are net of deferred tax liability, and calculated assuming a 35% tax rate.
- (3) On a fully-taxable equivalent (FTE) basis assuming a 35% tax rate.
- (4) Noninterest expense less amortization of intangibles and goodwill impairment divided by the sum of FTE net interest income and noninterest income excluding securities gains.

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Significant Items

Earnings comparisons are impacted by the Significant Items summarized below:

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

During the 2017 second quarter, \$50 million of noninterest expense was recorded related to the acquisition of FirstMerit. This resulted in a negative impact of \$0.03 per common share.

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

During the 2016 second quarter, \$21 million of noninterest expense was recorded related to the then pending acquisition of FirstMerit. This resulted in a negative impact of \$0.02 per common share.

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

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

	Three Months Ended					
	June 30, 2017		March 31, 2017		June 30, 2016	
	Amount	EPS (1)	Amount	EPS (1)	Amount	EPS (1)
Net income	\$271,741		\$208,094		\$174,540	
Earnings per share, after-tax		\$0.23		\$0.17		\$0.19
Significant Items—favorable (unfavorable) impact	Earnings	EPS (1)	Earnings	EPS (1)	Earnings	EPS (1)
Mergers and acquisitions, net expenses	\$(50,243)		\$(71,145)		\$(20,789)	
Tax impact	17,585		24,901		7,213	
Mergers and acquisitions, after-tax	\$(32,658)	\$(0.03)	\$(46,244)	\$(0.04)	\$(13,576)	\$(0.02)

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

	Six Months Ended			
	June 30, 2017		June 30, 2016	
	After-tax	EPS (1)	After-tax	EPS (1)
Net income	\$479,835		\$345,854	
Earnings per share, after-tax		\$0.40		\$0.39
Significant Items—favorable (unfavorable) impact	Earnings	EPS (1)	Earnings	EPS (1)
Mergers and acquisitions, net expenses	\$(121,388)		\$(27,195)	
Tax impact	42,486		9,219	
Mergers and acquisitions, after-tax	\$(78,902)	\$(0.07)	\$(17,976)	\$(0.03)

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

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Net Interest Income / Average Balance Sheet

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

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

(dollar amounts in millions)

	Average Balances Three Months Ended					Change		
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	2Q17 vs. 2Q16 Amount	Percent	
Assets:								
Interest-bearing deposits in banks	\$102	\$100	\$110	\$95	\$99	\$3	4	%
Loans held for sale	525	415	2,507	695	571	(46)	(8))
Securities:								
Available-for-sale and other securities:								
Taxable	13,135	12,801	13,734	9,785	6,904	6,231	90	
Tax-exempt	3,104	3,049	3,136	2,854	2,510	594	24	
Total available-for-sale and other securities	16,239	15,850	16,870	12,639	9,414	6,825	72	
Trading account securities	91	137	139	49	41	50	121	
Held-to-maturity securities—taxable	7,427	7,656	5,432	5,487	5,806	1,621	28	
Total securities	23,756	23,643	22,441	18,175	15,261	8,495	56	
Loans and leases: (1)								
Commercial:								
Commercial and industrial	27,992	27,922	27,727	24,957	21,344	6,648	31	
Commercial real estate:								
Construction	1,130	1,314	1,413	1,132	881	249	28	
Commercial	5,940	6,039	5,805	5,227	4,345	1,595	37	
Commercial real estate	7,070	7,353	7,218	6,359	5,226	1,844	35	
Total commercial	35,062	35,276	34,945	31,316	26,570	8,492	32	
Consumer:								
Automobile	11,324	11,063	10,866	11,402	10,146	1,178	12	
Home equity	9,958	10,072	10,101	9,260	8,416	1,542	18	
Residential mortgage	7,979	7,777	7,690	7,012	6,187	1,792	29	
RV and marine finance	2,039	1,874	1,844	915	—	N.R.	N.R.	
Other consumer	983	919	959	817	613	370	60	
Total consumer	32,283	31,705	31,460	29,406	25,362	6,921	27	
Total loans and leases	67,345	66,981	66,405	60,722	51,932	15,413	30	
Allowance for loan and lease losses	(672)	(636)	(614)	(623)	(616)	(56)	9	
Net loans and leases	66,673	66,345	65,791	60,099	51,316	15,357	30	
Total earning assets	91,728	91,139	91,463	79,687	67,863	23,865	35	
Cash and due from banks	1,287	2,011	1,538	1,325	1,001	286	29	
Intangible assets	2,373	2,387	2,421	1,547	726	1,647	227	
All other assets	5,405	5,442	5,559	4,962	4,149	1,256	30	
Total assets	\$100,121	\$100,343	\$100,367	\$86,898	\$73,123	\$26,998	37	%
Liabilities and Shareholders' Equity:								
Deposits:								
Demand deposits—noninterest-bearing	\$21,599	\$21,730	\$23,250	\$20,033	\$16,507	\$5,092	31	%
Demand deposits—interest-bearing	17,445	16,805	15,294	12,362	8,445	9,000	107	
Total demand deposits	39,044	38,535	38,544	32,395	24,952	14,092	56	

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Money market deposits	19,212	18,653	18,618	18,453	19,534	(322)	(2)
Savings and other domestic deposits	11,889	11,970	12,272	8,889	5,402	6,487	120
Core certificates of deposit	2,146	2,342	2,636	2,285	2,007	139	7
Total core deposits	72,291	71,500	72,070	62,022	51,895	20,396	39
Other domestic time deposits of \$250,000 or more	479	470	391	382	402	77	19
Brokered deposits and negotiable CDs	3,783	3,969	4,273	3,904	2,909	874	30
Deposits in foreign offices	—	—	152	194	208	(208)	—
Total deposits	76,553	75,939	76,886	66,502	55,414	21,139	38
Short-term borrowings	2,687	3,792	2,628	1,306	1,032	1,655	160
Long-term debt	8,730	8,529	8,594	8,488	7,899	831	11
Total interest-bearing liabilities	66,371	66,530	64,858	56,263	47,838	18,533	39
All other liabilities	1,557	1,661	1,833	1,608	1,416	141	10
Shareholders' equity	10,594	10,422	10,426	8,994	7,362	3,232	44
Total liabilities and shareholders' equity	\$ 100,121	\$ 100,343	\$ 100,367	\$ 86,898	\$ 73,123	\$ 26,998	37 %

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

	Average Yield Rates (2)				
	Three Months Ended				
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Fully-taxable equivalent basis (3)					
Assets:					
Interest-bearing deposits in banks	1.53 %	1.09 %	0.64 %	0.64 %	0.25 %
Loans held for sale	3.73	3.82	2.95	3.53	3.89
Securities:					
Available-for-sale and other securities:					
Taxable	2.38	2.38	2.43	2.35	2.37
Tax-exempt	3.71	3.77	3.60	3.01	3.38
Total available-for-sale and other securities	2.64	2.65	2.65	2.50	2.64
Trading account securities	0.25	0.11	0.18	0.58	0.98
Held-to-maturity securities—taxable	2.38	2.36	2.43	2.41	2.44
Total securities	2.55	2.54	2.58	2.47	2.56
Loans and leases: (1)					
Commercial:					
Commercial and industrial	4.04	3.98	3.83	3.68	3.49
Commercial real estate:					
Construction	4.26	3.95	3.65	3.76	3.70
Commercial	3.97	3.69	3.54	3.54	3.35
Commercial real estate	4.02	3.74	3.56	3.58	3.41
Total commercial	4.04	3.93	3.78	3.66	3.47
Consumer:					
Automobile	3.55	3.55	3.57	3.37	3.15
Home equity	4.61	4.45	4.24	4.21	4.17
Residential mortgage	3.66	3.63	3.58	3.61	3.65
RV and marine finance	5.57	5.63	5.64	5.70	—
Other consumer	11.47	12.05	10.91	10.93	10.28
Total consumer	4.27	4.23	4.13	3.97	3.79
Total loans and leases	4.15	4.07	3.95	3.81	3.63
Total earning assets	3.75	3.70	3.60	3.52	3.41
Liabilities:					
Deposits:					
Demand deposits—noninterest-bearing	—	—	—	—	—
Demand deposits—interest-bearing	0.20	0.15	0.11	0.11	0.09
Total demand deposits	0.09	0.07	0.04	0.04	0.03
Money market deposits	0.31	0.26	0.24	0.24	0.24
Savings and other domestic deposits	0.21	0.22	0.25	0.21	0.11
Core certificates of deposit					