HUNTINGTON BANCSHARES INCORPORATED

2021 Annual Report

Consolidated Financial Highlights

(In millions, except share amounts)	2021	2020	2019
Selected income statement data			
Total revenue [1]	$ 6,016	$ 4,836	$ 4,693
Total noninterest expense	4,375	2,795	2,721
Pretax, pre-provision earnings [1] [2]	1,641	2,041	1,972
Provision for credit losses	25	1,048	287
Net income attributable to Huntington Bancshares Incorporated	1,295	817	1,411
Per common share data			
Net income per common share - diluted	$ 0.90	$ 0.69	$ 1.27
Tangible book value per common share	8.06	8.51	8.25
Cash dividends declared per common share	0.605	0.60	0.58
Selected ratios			
Return on average assets	0.85 %	0.70 %	1.31 %
Return on average tangible common equity (ROTCE) [3]	11.3	8.9	16.9
Common equity Tier 1 capital ratio	9.33	10.00	9.88
Tier 1 capital ratio	10.99	12.47	11.26
Total capital ratio	13.14	14.46	13.04
Net charge-offs as a % of average loans and leases	0.22	0.57	0.35
Selected balance sheet data (period-end)			
Total assets	$ 174,064	$ 123,038	$ 109,002
Loans and leases	111,920	81,608	75,404
Deposits	143,263	98,948	82,347
Total shareholders' equity	19,318	12,993	11,795
Market data			
Closing share price	$ 15.42	$ 12.63	$ 15.08
Market capitalization	22,266	12,845	15,382

[1] On a fully-taxable equivalent (FTE) basis assuming a 21% tax rate.

[2] Non-GAAP. See page 8 for reconciliation.

[3] Net income applicable to common shares 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.

OUR PURPOSE, VISION, AND VALUES

OUR PURPOSE

We make people's lives better, help businesses thrive, and strengthen the communities we serve.

OUR VISION

To become the country's leading people-first, digitally powered bank.

OUR VALUES

Can-do Attitude
Service Heart
Forward Thinking

A LETTER FROM OUR CHAIRMAN

Dear Fellow Owners and Friends:

2021 was a transformational year for Huntington. We completed the largest acquisition in the Company's history with the addition of TCF, while remaining focused on our vision to become the country's leading people-first, digitally powered bank. We delivered record total revenue and closed the year with substantial momentum across our businesses. Business activity remains robust into the new year, which gives us confidence in our ability to continue to grow throughout 2022 and beyond.

Over the course of 2021, the strength and resiliency of Huntington were clearly evident, and today we are well positioned to benefit from the continued economic expansion and potential for higher interest rates.

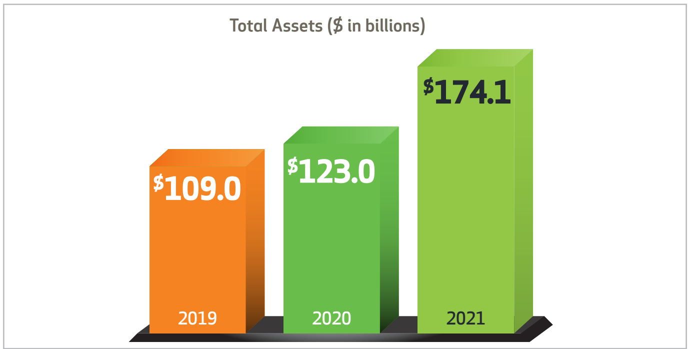
Along with the closing of the TCF acquisition and the successful integration into Huntington, we pursued our organic growth priorities: investing in our colleagues and revenue-producing initiatives, driving growth of new relationships, and launching digitally powered innovations to support our customers.

Our teams have accomplished a tremendous amount while continuing to look out for our customers. They led through a global pandemic, taking care of both our customers and colleagues. They assisted customers converting to Huntington and colleagues joining the Company. With the backdrop of a sustained economic recovery underway, I am bullish on the year ahead. Huntington stands as a powerful franchise with a robust growth outlook and a top-tier return profile, the combination of which should continue to drive value for shareholders.

2021: A Transformational Year

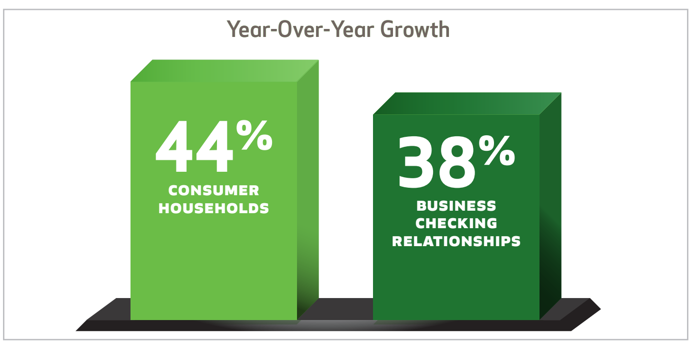
Since becoming CEO of Huntington more than a decade ago, one of my primary goals has been to ensure we are positioned to navigate various economic environments. Economic cycles are often difficult to predict, and we must be ready to address an evolving landscape. In my early years, we managed through a global financial crisis, and beginning in 2020 we experienced an unprecedented global pandemic. Huntington was and remains well positioned through these cycles with a strong balance sheet, ample liquidity and capital, and our consistent aggregate moderate-to-low, through-the-cycle risk profile.

We are hopeful that the worst of the pandemic is behind us, and we are seeing continued economic recovery across the country. We continue to manage Huntington consistent with our long-term approach, ensuring we are positioned to thrive for many years into the future. You saw us take action in that regard in early 2021, as we accelerated select investments in digital capabilities and increased marketing. We funded several new initiatives, all intended to bolster our growth as we enter a period of sustained economic recovery. Those investments are producing returns today, supporting our growth outlook and driving continued efficiencies across the organization.



We completed the combination with TCF mid-year 2021, adding tremendous new talent to the Company and welcoming new directors including our Chairman of The Huntington National Bank, Gary Torgow. Coming together with TCF enables a better, stronger Huntington. It accelerates our growth trajectory and broadens our geographic footprint. It has also brought more than 1.5 million customers to Huntington with increased scale and market density, as well as new markets and capabilities. Welcome to our colleagues and welcome to our new customers who are allowing us to serve them. My thanks go to our colleagues whose hard work and dedication delivered our successful integration.

We remain intensely focused on our organic growth strategies. During 2021, we delivered robust household growth, with organic consumer households increasing by 4.5% year-over-year, and total household growth reaching 44%. Similarly, business checking relationships increased by 7% on an organic basis, and total business checking growth was 38% year-over-year. These growth rates are a direct result of our strategies in action and are examples of the power of our vision to become the country's leading people-first, digitally powered bank. They are also a direct outcome of our colleagues taking care of our customers, supported by our leading digital and product capabilities and the strength of our brand. The proven success of our strategic initiatives, digital innovation and dedicated colleagues supports our continued investments in key revenue growth initiatives.



During the year we continued to implement digitally powered innovations, launching new capabilities such as Standby Cash® and Early Pay to support consumers and expand our long history of Fair Play banking. I am proud to say these and many other efforts have once again been recognized, with J.D. Power ranking our consumer mobile app as number one among Regional Banks in customer satisfaction for the third year in a row. Additionally, J.D. Power has ranked Huntington as number one in customer satisfaction for Consumer Banking in the North Central Region. In addition, we launched *EDGE*, a digital tool that uses advanced data and insights tailored to each customer to support our commercial bankers' engagement efforts.

In our commercial banking business, we continued to invest in colleagues and capabilities that produce revenue, adding to treasury management, capital markets, specialty commercial banking, as well as the addition of the inventory finance business. We now have much greater scale and increased capabilities in our businesses than ever before, including middle market and corporate banking, specialty commercial businesses, including healthcare, tech and telecom, franchise, and asset-based lending. We also added an experienced REIT team late last year to bolster our commercial real estate platform and capabilities.

We have substantial scale across our footprint, with many of our businesses in top ten positions nationally. We have maintained our number one nationally ranked SBA 7(a) lending program, and recently expanded these capabilities to new states, in addition to expanding our practice finance business. Our equipment finance platform is now the seventh largest for bank-owned businesses in the country. Our home equity lending is ranked fifth nationally, and our auto finance business is the eleventh largest nationally.

Our focused investments, continued digital innovation, and expertise across all businesses provide a solid foundation as we enter 2022. This supports our commitment to grow the Company and drive value for shareholders.

Delivering the Economics of the TCF Acquisition

One of our critical achievements in 2021 was the timely closing and successful integration of TCF. The transaction was announced in December 2020, and we finalized conversion activities ten months later in October 2021. This was our largest acquisition to date, and it was executed impeccably by our experienced colleagues across the bank. Importantly, the deal economics are on track, with expense synergies targeted for completion by the second quarter of 2022. We have also gained early traction on many of the revenue synergy initiatives, which launched over the course of 2021. We believe these revenue synergies are substantial, and they provide us with a multi-year pathway for incremental growth, augmenting our underlying organic growth opportunities.

For J.D. Power 2021 award information, visit jdpower.com/award

2021 Monitor 100 Report. Ranked by the net assets in 2020. Pro forma of standalone Huntington and legacy TCF.

The addition of TCF brought new markets, including sizable geographies such as the Twin Cities and Denver, with combined populations of more than 6.5 million people. We also added new capabilities, such as a leading national inventory finance business, and we strengthened existing commercial specialty capabilities such as equipment finance and commercial real estate. This deal also brought increased density in Michigan and tripled our size in Chicago. These additions and expansions immediately strengthened the franchise and set us up for additional growth opportunities.

We are seeing early indicators of success in many of these areas. In the Twin Cities, we have added an experienced wealth management team, leveraging the platform and infrastructure of our existing trust and wealth management business. As of year-end, we have recruited impressive talent and now have a dozen colleagues serving the Twin Cities who are already bringing in new business. As we bring expanded capabilities to these markets, our OCR (Optimal Customer Relationship) strategy continues to yield results. We are seeing great collaboration among our teams in commercial banking, business banking, wealth management, and consumer banking as they bring a holistic relationship approach to our customers. Efforts in Denver are also going very well, with the expansion of commercial banking and business banking teams underway. We are going to market in Denver with a complete commercial and business banking product set, including SBA and practice finance capabilities, as well as corporate banking, asset-based lending, and commercial real estate.

Advancing our Environmental, Social, and Governance (ESG) Strategy

Throughout 2021, we continued to advance our strong commitment to ESG, which we believe is critical to supporting the long-term sustainability of our business. We have been on our ESG journey for many years, with 2021 reflecting the publication of our fifth annual ESG report. Our work is continuous, and we have aspirational goals to advance our leading ESG efforts.

In January of this year, we furthered that commitment to robust ESG oversight from our Board of Directors, renaming our Nominating and Corporate Governance Committee to Nominating and ESG Committee, to better reflect the Committee's continued oversight of environmental and social topics, in addition to governance.

With our Climate Risk Management and ESG Strategy Team working groups each entering their second year, we have enacted changes intended to further elevate the work of these groups. For example, we have named a Climate Risk Director to facilitate and manage the Climate Risk Management working group. Additionally, we created the role of Environmental Strategy and Sustainability Director to build on our journey toward reducing Huntington's carbon footprint. During the year, our efforts were recognized with a top quartile ranking by the Climate Disclosure Project (CDP) within the Financial Services Activity Group.

Climate risk and climate change remain a priority for Huntington. Climate change is a critical issue for our country and the world, and we are committed to reducing our carbon footprint and continuously improving our environmental performance. We have made considerable progress on our goals to reduce our greenhouse gas emissions, improve the energy efficiency of our facilities, and reduce our water usage and waste. We have also committed to shifting 50% of our electricity usage to renewable generation by 2035, expanding on the work we have done with the installation of solar panel arrays at our major Columbus and Akron, Ohio, facilities. We have more to do, and we are committed to achieving our environmental objectives. As we look to the future, we are formulating an exploratory road map regarding a net-zero carbon future. A thoughtful and strategic approach to this effort will take several years, but we acknowledge the value and urgency of this effort and look forward to sharing more about our strategy.

Within the social pillar of ESG, we are embracing our commitment to Diversity, Equity, and Inclusion (DEI) and continuing to advance our initiatives on this front. This starts with the tone at the top from the Board of Directors, which itself reflects total diversity of 47% across race and gender. Through our DEI Strategy and Operating Plan, we are continuing to advance our efforts around topics such as workforce diversity, workforce inclusion, and supplier diversity.

Finally, we were proud to announce our five-year, $40 billion Community Plan during 2021. This plan is designed to support improved financial opportunities for consumers, businesses, and communities, with a focus on affordable housing, small business lending, and increased capital to historically disadvantaged and low-to-moderate-income communities.

We were humbled to be honored again by Newsweek as one of "America's Most Responsible Companies" for the third consecutive year. Additionally, early in 2022, we were named by Forbes as one of America's Best Employers. These recognitions provide affirmation of the direction of our ongoing ESG efforts, as well as the dedication of our colleagues, management, and Board to a sustainable future for Huntington.

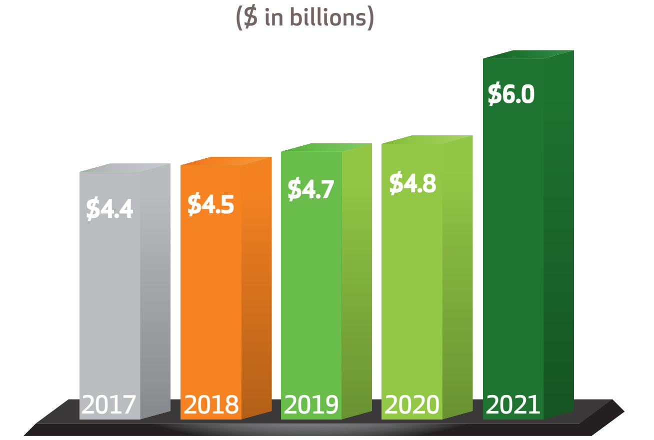
While we are pleased with our efforts throughout 2021, we know there is much more work ahead of us, and we embrace that challenge.

2021 Financial Performance

We are pleased with our 2021 results which included reported net income of $1,295 million, a 59% increase from the prior year, and diluted EPS of $0.90, up 30% year-over-year. Reported results were negatively impacted by notable items, primarily due to the TCF acquisition, including expenses of $711 million. These notable items reduce the more significant underlying earnings power improvement of the bank.

On a reported basis, pretax, pre-provision earnings for full-year 2021 totaled $1,641 million[1], down from $2,041 million[1] during full-year 2020. Excluding the notable items above, adjusted pretax, pre-provision earnings for full-year 2021 were $2,352 million.[1]

Total revenue increased to $6.0 billion, up 24% from the prior year, driven by both the TCF acquisition which closed mid-year, as well as continued execution of our underlying strategic initiatives.



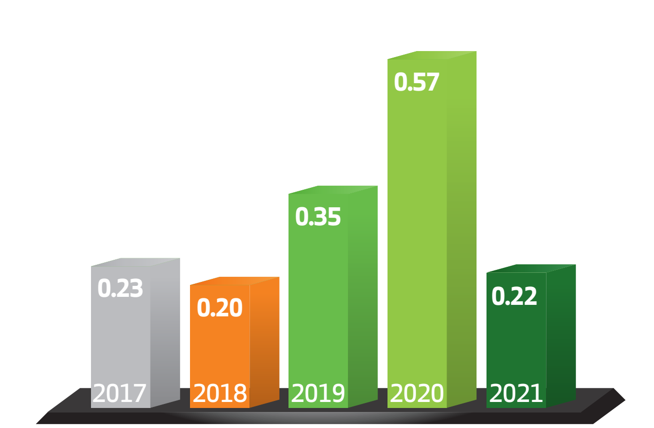
Total Revenue ($ in billions)

Period-end loans increased by $30.3 billion from the prior year, supported by both the TCF acquisition, as well as robust commercial loan production in the fourth quarter to close out the year. We saw accelerated loan growth in the fourth quarter, and we are seeing that momentum carry into the first part of 2022.

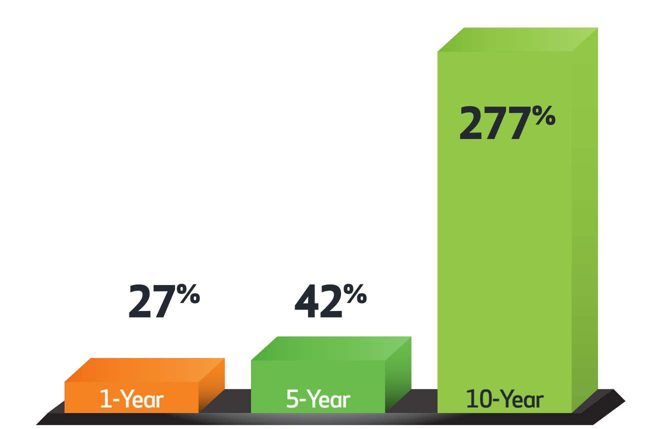
Deposit balances ended the year at $143.3 billion, a record level for Huntington, driven both by TCF, as well as continued strong customer liquidity profiles. Deposits increased by $44.3 billion year-over-year.

Our capital ratios remained strong, with our Common Equity Tier 1 (CET1) ratio ending 2021 at 9.33%, within our targeted operating range of 9% to 10%.[1]

Credit quality remained a hallmark of Huntington, with full-year net charge-offs of 0.22% of average loans. We entered the pandemic very well positioned, and our performance over the past two years has demonstrated the strength of our balance sheet and disciplined approach to credit and risk management. While we are keeping a close eye on the continued economic recovery, the trends we are experiencing are encouraging, and we believe this strong credit outlook has the potential to continue throughout 2022.



Net Charge-offs (% of average loans)

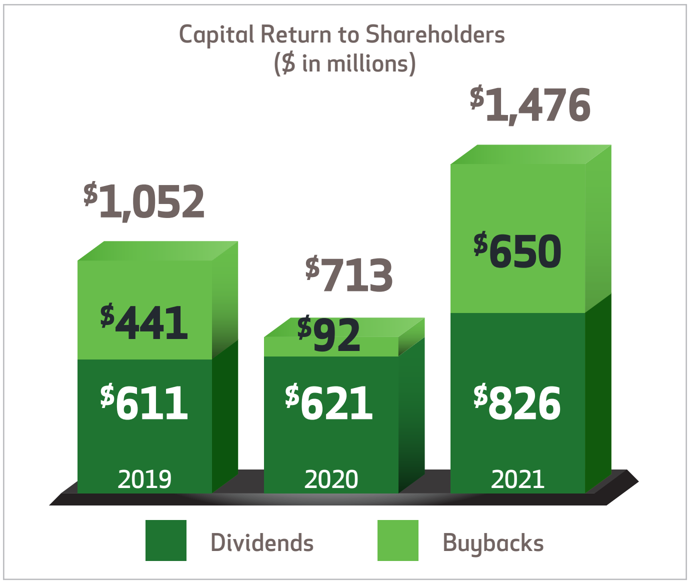


Total Shareholder Return (TSR)

[1] Non-GAAP measure. See page 8 for reconciliation.

Capital Return

We have maintained our consistent approach to capital allocation priorities: Funding organic growth, supporting the dividend, and other uses including share repurchases. For the full year 2021, we are pleased to have returned $1.5 billion of capital to shareholders through our common stock dividends and share repurchases during the year. This included an increase in the common stock dividend to $0.62 per common share (annualized). We will continue to be good stewards of the capital entrusted to Huntington and maintain our disciplined approach.



Looking Ahead

After closing out 2021 with momentum, we are entering 2022 with a bullish outlook, with a substantial growth opportunity in front of us. Huntington is well positioned to benefit from the continued economic recovery, and our local economies continue to perform extraordinarily well. Business sentiment continues to be positive, employment levels have strengthened, and supply chain constraints are expected to slowly ease over time. Added to that is the expected rise in interest rates, which would benefit Huntington with potentially higher revenues as a result.

Our top focus for 2022 is centered on driving sustainable revenue growth, which is driven by the investments we made in the franchise, as well as our expanded products and markets added through the TCF transaction last year.

Our colleagues delivered extraordinary performance in 2021. I believe the best days continue to lie ahead for Huntington. We have entered 2022 with the strength of the franchise clearly evident and with enhanced capabilities and talent bolstered across the organization.

We believe our financial performance will only improve further throughout 2022, driven by sustainable revenue growth and a top-tier return on capital profile, the combination of which should result in value creation for shareholders.

To our nearly 20,000 colleagues, thank you for an extraordinary year and for maintaining your focus on serving the needs of our customers. To our customers, we are privileged to be entrusted as a partner in your financial success and to have the opportunity to work together to strengthen the communities where we live and work. Finally, to our shareholders, thank you for your continued support of Huntington.

Stephen D. Steinour
Chairman, President, and Chief Executive Officer

OUR BOARD OF DIRECTORS

Lizabeth Ardisana
CEO and Principal Owner
ASG Renaissance LLC

Alanna Y. Cotton
Former President of Operations,
Central & Eastern Europe
The Coca-Cola Company

Ann B. "Tanny" Crane
President and CEO
Crane Group Company

Robert S. Cubbin
Retired President and CEO
Meadowbrook Insurance Group

Steven G. Elliott
Retired Senior Vice Chairman
BNY Mellon

Gina D. France
CEO and President
France Strategic Partners LLC

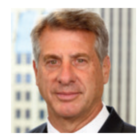
J. Michael Hochschwender
CEO
The Smithers Group Inc.

Richard H. King
Chairman
Metropolitan Airports Commission,
Minneapolis/St. Paul

Katherine M. A. "Allie" Kline
Founding Principal
LEO DIX

Barbara L. McQuade
Law Professor
University of Michigan

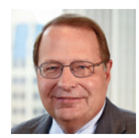
Richard W. Neu
Retired Chairman
MCG Capital Corporation



Kenneth J. Phelan
Senior Advisor
Oliver Wyman, Inc.

David L. Porteous
Attorney
McCurdy Wotila & Porteous, P.C.
Independent Lead Director
Huntington Bancshares Incorporated

Roger J. Sit
CEO, Global Chief Investment Officer,
and Director
Sit Investment Associates



Stephen D. Steinour
Chairman, President, and CEO
Huntington Bancshares Incorporated
President and CEO
The Huntington National Bank

Jeffrey L. Tate
Executive Vice President and
Chief Financial Officer
Leggett & Platt

Gary Torgow
Chairman
The Huntington National Bank

Board of Directors as of 12/31/2021

OUR EXECUTIVE LEADERSHIP TEAM

Stephen D. Steinour
Chairman, President, and CEO,
Huntington Bancshares Incorporated
President and CEO,
The Huntington National Bank

Donald Dennis
Executive Vice President,
Chief Diversity, Equity, and Inclusion Officer,
Learning and Development Director

Paul Heller
Senior Executive Vice President,
Chief Technology and
Operations Officer

Helga Houston
Senior Executive Vice President,
Chief Risk Officer

Michael Jones
Senior Executive Vice President,
Chair of Minnesota and Colorado

Scott Kleinman
Senior Executive Vice President,
Co-President of Commercial Banking

Jana Litsey
Senior Executive Vice President,
General Counsel

Sandra Pierce
Senior Executive Vice President,
Private Client Group & Regional
Banking Director, Chair of Michigan

Richard Pohle
Executive Vice President,
Chief Credit Officer

Thomas Shafer
Senior Executive Vice President,
Co-President of Commercial Banking

Rajeev Syal
Senior Executive Vice President,
Chief Human Resources Officer

Julie Tutkovics
Executive Vice President,
Chief Marketing and Communications Officer

Michael Van Treese
Executive Vice President,
Chief Auditor

Zachary Wasserman
Senior Executive Vice President,
Chief Financial Officer

NON-GAAP RECONCILIATIONS

Pretax, Pre-Provision Earnings (PTPP) ($ in millions)		2021	2020	2019
Net interest income (FTE)	$	4,127	3,245	3,239
Noninterest income		1,889	1,591	1,454
Total revenue (FTE)		6,016	4,836	4,693
Noninterest expense		4,375	2,795	2,721
Pretax, Pre-Provision Earnings (PTPP) - Non-GAAP	**$**	**1,641**	2,041	1,972

Adjusted Pretax, Pre-Provision Earnings (PTPP) ($ in millions)		2021	2020	2019
Net interest income (FTE)	$	4,127	3,245	3,239
Noninterest income		1,889	1,591	1,454
Total revenue (FTE)		6,016	4,836	4,693
Adjusted noninterest expense (excluding Notable Items)		3,664	2,795	2,721
Adjusted Pretax, Pre-Provision Earnings (PTPP) - Non-GAAP	**$**	**2,352**	2,041	1,972

Noninterest expense	$	4,375
Less: TCF acquisition-related expenses		701
Less: Exit of strategic distribution relationship		10
Adjusted Noninterest Expense (excluding Notable Items)	**$**	**3,664**

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, 2021
Commission File Number 1-34073

Huntington

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 4.500% Series H Non-Cumulative, perpetual preferred stock)	HBANP	NASDAQ
Depositary Shares (each representing a 1/1000th 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 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, 2021, determined by using a per share closing price of $14.27, as quoted by Nasdaq on that date, was $20,819,027,009. As of January 31, 2022, there were 1,438,088,216 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 2022 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 Lending 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
CDI	Core Deposit Intangible
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
ELT	Executive Leadership Team
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
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
FHLB	Federal Home Loan Bank
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
HIC	Huntington Investment Company
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	Net Interest Income
NIM	Net Interest Margin
NPAs	Nonperforming Assets
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OFAC	Office of Foreign Assets Control
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
PCAOB	Public Company Accounting Oversight Board
PCD	Purchased financial assets with credit deterioration
PD	Probability of Default
Plan	Huntington Bancshares Retirement Plan
PPP	Paycheck Protection Program

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
SCB	Stress Capital Buffer
SEC	Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
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

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. 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. At December 31, 2021, our 1,092 full-service branches and private client group offices are primarily located in Ohio, Colorado, Illinois, Indiana, Kentucky, Michigan, Minnesota, 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.

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 brought increased scale and market density, as well as added new markets and capabilities. 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 3 "Acquisition of TCF Financial Corporation" of the Notes to the Condensed Consolidated Financial Statements.

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:

- **Commercial Banking:** Through a relationship banking model, the Commercial Banking segment provides a comprehensive set of product offerings and capabilities to middle market, large corporate, specialized industries and government/public sector customers located within our geographic footprint, as well as nationally. The segment is divided into five business units: Regional Commercial Banking, Specialty Banking, Asset Finance, Treasury Management and Capital Markets.

  Regional Commercial Banking primarily focuses on providing banking solutions to middle market businesses, government and public sector entities, and commercial real estate developers/REITs. Most middle market and government customers are located within our footprint, while our commercial real estate team serves customers nationally. 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.

Specialty Banking offers banking solutions to targeted industries across the country. Industries include healthcare, technology and telecommunications, franchise finance, sponsor finance, and global services.

Asset Finance provides equipment financing, asset-based lending, inventory financing, structured lending and municipal financing solutions to small, medium and large commercial and municipal customers across a diversified range of industries on a national basis.

Capital Markets delivers capital raising solutions, sales and trading, and corporate risk management products for Commercial customers. Our Institutional Banking business lines serve corporate and public sector customers with access to public markets and sophisticated financing needs.

Treasury Management offers a robust suite of payments, working capital and liquidity solutions to help businesses effectively manage their payments and investment activity.

- **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 channels, including branches, 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. Our Fair Play banking suite of products includes 24-Hour Grace®, Money Scout℠, $50 Safety Zone℠, Early Pay and Standby Cash℠.

  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. Beyond conventional lending solutions, Huntington offers SBA lending, practice finance and treasury management capabilities. We are the #1 SBA lender in the nation in units as of federal fiscal year end September 30, 2021. 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.

  Consumer Payments and Lending provides consumer and small business credit and debit cards primarily to our deposit customers as well as unsecured personal loans, personal lines, other direct secured loans. The products are distributed through both branch and online channels. The product suite is aimed at meeting our customers’ borrowing and transacting needs. The team continues to explore ways to innovate and continue to meet the evolving and rapidly changing payment needs of customers.

  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.

- **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 27 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 25 - "Segment Reporting" of Notes to Consolidated Financial Statements and are discussed in the "Business Segment Discussion" of our MD&A.

ESG

ESG Oversight

With oversight from our Board of Directors, we and our colleagues are committed to implementing strong ESG practices by living out our Purpose of making people's lives better, helping businesses thrive, and strengthening the communities we serve. The following represents how ESG is governed and integrated throughout the Company:

ESG Working Group

Huntington's ESG Working Group is primarily responsible for driving the overarching ESG strategy for the Company and making strategy recommendations to the Board; reporting ESG strategy, goals, and progress to the Board (typically on a quarterly basis); and publishing our various ESG disclosures, including the annual ESG Report. The ESG Working Group is comprised of a core, cross-functional group with representatives from our Environmental Strategy & Sustainability, Investor Relations, Legal, Corporate Communications, and Corporate Governance functions. To keep abreast of matters throughout the year, this group typically meets on a weekly basis.

ESG Strategy Team

The ESG Strategy Team is responsible for advancing the ESG strategy and facilitating implementation of the strategy at the segment- and business unit-level; ensuring consistent understanding of ESG strategy throughout the Company; and assisting with ESG goal setting, reporting, and monitoring. The Team also works to identify ESG-related innovation and advancement opportunities aligned with strategic planning for the enterprise. This larger group includes executive leaders across business segments and support units and meets regularly throughout the year.

Climate Risk Management Working Group

Our Climate Risk Management Working Group, led by our Climate Risk Director, has the more narrowed focus of creating and monitoring Huntington's Climate Risk Framework, performing climate risk scenario testing, and establishing our financed emissions methodology.

Economic

Our economic impact begins with our commitment to delivering sustainable, long-term shareholder value through financial performance, while maintaining an aggregate moderate-to-low, through-the-cycle risk appetite and a well-capitalized position. We align our corporate strategy to our purpose of helping others and build upon our market-leading, purpose-driven bank through focused efforts on the environmental, social and governance issues most important to our business and our stakeholders.

Following the acquisition of TCF, in June 2021, we committed $40 billion toward a new Strategic Community Plan to strengthen small businesses and foster economic justice through our footprint over the next five years. The Strategic Community Plan builds on the goals of our previous community plans, with expanded commitments focusing on increasing lending and services to address economic, social, environmental, and racial equity areas of need as follows:

- Huntington committed to providing $24 billion in affordable housing financing and consumer lending.
- Huntington expanded its Small Business lending programs into its new footprint and committed $10 billion to the programs.
- Huntington committed $6.5 billion in loans and investments to establish programs and services that foster equity in areas such as affordable housing, small business financing, and community services.
- Embedded in the areas of need above is a $16 billion commitment for Diversity, Equity, and Inclusion initiatives, with allocation of funds to minority borrowers and communities to advance systemic change.

Environmental

Our approach to environmental sustainability is guided by our Environmental Policy Statement, which outlines our pledge to protect the environment, address climate change, and manage our environmental risks. We demonstrate our commitment and transparency through our disclosures to CDP and our reporting to the TCFD framework.

We have made progress on our goals to reduce our operational (Scope 1 and Scope 2) emissions, reduce our landfill waste, paper printing, and water consumption. We have also committed to shifting 50% of our electricity usage to renewable sources by 2035. In November of 2021, we announced our first-ever Climate Risk Director and Environmental Strategy & Sustainability Director providing an increased focus on climate risk and environmental related efforts.

Human Capital (Social)

Huntington aspires to be a Category of One financial services institution: an organization unique in the combination of its culture and performance. Huntington had 18,442 average full-time equivalent colleagues during 2021, all of whom are encouraged to live out a shared purpose of making people's 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.

We engage with our 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, trust and engagement. We value the feedback colleagues choose to share and use the information to drive our talent management strategy, which focuses on four key areas and a commitment to diversity, equity and inclusion:

- Engagement
- Development
- Retention, and
- Attraction of top talent

Engagement

At Huntington, we have taken steps to ensure our values, beliefs, and behaviors align with those of current and potential colleagues. 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.” This synergy has proven to positively impact colleague performance and satisfaction. 2021 marked the eighth consecutive year we conducted a company-wide engagement survey to measure our colleagues’ experience across a variety of areas, with a strategic focus on culture, trust, and engagement – and the results, which included responses of our newly integrated TCF colleagues, were reaffirming. In 2021, 83%, 85% and 81% responded favorably on culture, trust and engagement respectively. 79% of colleagues responded they would recommend Huntington as a great place to work. In addition to the annual company-wide engagement survey, we further engaged our colleagues by launching three broad pulse surveys. These surveys were leveraged to inform of colleague sentiment on key and timely topics, such as the cultural integration of TCF, the health and safety response to COVID-19, and the transition to remote work.

At Huntington, living 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 2021, Huntington colleagues continued to successfully navigate through the on-going pandemic challenges, safely providing over 28,000 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 2021, all our colleagues had experienced training within one or more of these areas with an average of 30.7 training hours per average full-time equivalent colleague. Additionally, we expanded learning opportunities across our footprint offering all colleagues the ability to obtain post-secondary education with reimbursement of tuition.

Fostering an inclusive work environment is a responsibility shared by all colleagues. To ensure all Huntington colleagues are able to identify the value of, and exhibit, behaviors that drive diversity, equity, and inclusion, we offer year-round training. In 2021, our colleagues collectively completed 1.3 hours per average full-time equivalent colleague of diversity, equity and inclusion training, with additional opportunities to participate in Inclusion Council and Business Resource Group events.

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. Effective January 1, 2022 we increased the minimum hourly pay rate to $19. We also offer Workplace Flex to help employees achieve work/life harmony with flexible work arrangements, parental leave, and other health, wellness and financial benefits and services that assist employees and their families. Our Workplace Flex includes flextime, staggered hours, compressed workweek, part-time schedule or working remote.

Huntington is committed to pay equity so that gender, race, and ethnicity are not determining factors in salaries, bonuses, and stock-based awards. We continue to identify and implement effective practices to promote pay equity, including pay analyses, additional hiring practices that protect pay equity, and training managers on explicit and implicit bias in compensation and promotion decisions. Huntington seeks to maintain approximately 100% pay equity.

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.

Attraction of top talent

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 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 2021, we offered select student internships to serve as a pipeline for entry-level talent with 73% of these internships fulfilled by diverse students. Additionally, we are focused on identifying, supporting and promoting qualified diverse candidates in leadership roles, where as of December 31, 2021, our combined middle, senior and executive management levels are 45% diverse. As of December 31, 2021, our total workforce was 68% 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.

Governance

Our Board of Directors and ELT are committed to executing on our long-term vision. Our Board members are accomplished leaders from diverse backgrounds, bringing the perspectives, skills, and experience necessary to use independent judgment that will effectively challenge and drive continued success. Our Board members approve the strategy, risk appetite, and ethical standards for the entire organization, and our ELT ensures our business and enterprise functions operate with high legal, ethical, and moral standards through clearly stated policies and procedures. Additionally, our leaders set the tone and oversee compliance with our standards and direct the company’s financial reporting and internal controls.

At the end of 2021, our Board consisted of 17 directors, comprised of our Chairman/President/CEO as well as our Huntington National Bank Chairman, and 15 independent directors, including our Independent Lead Director. Our key risk and governance committees require at least three directors who are independent and are chaired by an independent director with the knowledge and expertise to lead the committee. As of December 31, 2021, both our ELT and Board were 47% diverse.

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, brokerage firms, and non-bank lenders 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 value and service by building customer relationships through addressing our customers' entire suite of banking needs, demonstrating expertise, and providing convenience. We also consider the competitive pricing pressures in each of our markets.

We compete for deposits similarly on the basis 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 employ customer friendly practices, such as a $50 Safety Zone℠, which prevents customers from being charged an overdraft fee if they overdraw by $50 or less, 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, as well as Early Pay, which allows customers with direct deposit availability to their paycheck up to two days early. Customers can qualify for Standby Cash℠ based on their checking deposit history, not their credit score, which provides up to $1,000 short-term line of credit free with automatic payments, or a 1% monthly interest charge without automatic payments. Huntington also 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, 2021, in the top 10 MSAs in which we compete:

MSA	Rank	Deposits (in millions)	Market Share
Columbus, OH	1	$ 33,392	34 %
Detroit, MI	4	19,727	10
Cleveland, OH	2	14,193	14
Chicago, IL	12	9,920	2
Minneapolis-St. Paul, MN	5	6,545	3
Grand Rapids, MI	2	5,890	19
Akron, OH	1	5,397	27
Indianapolis, IN	5	5,017	7
Cincinnati, OH	4	4,847	3
Pittsburgh, PA	9	4,044	2

Source: FDIC.gov, based on June 30, 2021 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.

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 subject to less restrictive requirements with respect to certain enhanced prudential standards and capital and liquidity requirements than in past years, but our business remains 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.

Huntington is subject to the Federal Reserve's LFI Rating System, to align its supervisory rating system, which places a greater emphasis on capital and liquidity, including related planning and risk management practices as compared to the supervisory rating system applicable to smaller BHCs. 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.
- **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).

Huntington and the Bank have elected to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period beginning January 1, 2022 pursuant to a rule that 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. The cumulative impact of the two-year delay will be phased-in over the three-year transition period.

The total minimum regulatory capital ratios and well-capitalized minimum ratios are reflected in the table below in this section. 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, 2021, 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, 2021, calculated using the regulatory capital methodology applicable during 2021.

		Minimum Regulatory Capital Ratio	Minimum Ratio + Capital Conservation Buffer (1)	Well-Capitalized Minimums (2)	At December 31, 2021
					Actual
Ratios:					
CET 1 risk-based capital ratio	Consolidated	4.50 %	7.00 %	N/A	9.33 %
	Bank	4.50	7.00	6.50 %	10.15
Tier 1 risk-based capital ratio	Consolidated	6.00	8.50	6.00	10.99
	Bank	6.00	8.50	8.00	11.06
Total risk-based capital ratio	Consolidated	8.00	10.50	10.00	13.14
	Bank	8.00	10.50	10.00	12.58
Tier 1 leverage ratio	Consolidated	4.00	N/A	N/A	8.56
	Bank	4.00	N/A	5.00	8.60

(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, 2021, 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 with less than $50 billion in weighted short-term wholesale funding, is exempt from the LCR and net stable funding ratio requirements 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 year, which is subject to supervisory review in connection with the Federal Reserve's 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.

While 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, 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.

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, Huntington is required to calculate a SCB 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, 2021, Huntington's SCB 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.

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 and second quarters of 2021, provided that a BHC did not increase its common stock dividends higher than the level paid in the second quarter of 2020, BHCs, including Huntington, were permitted to pay common dividends and make share repurchases that, in the aggregate, did not exceed an amount equal to the average of the firm's net income over the four preceding calendar quarters. BHCs could also make additional share repurchases up to the amount of share issuances related to expensed employee compensation. These temporary restrictions were lifted after the second quarter of 2021, and these BHCs, including Huntington, are currently subject to the normal capital distribution restrictions of the stress capital buffer framework.

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.

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 amended requirements are not material to Huntington's investing and trading activities.

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. 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 issued a policy statement in June 2021 announcing that it will resume requiring bank level resolution plans for large banks, including the Bank, and bank-level resolution plans will have more streamlined content requirements. The Bank will be required to submit a bank-level resolution plan every three years, with the next submission date in December 2022.

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.

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 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. Numerous other states have also enacted or are in the process of enacting state-level privacy, data protection and/or data security laws and regulations. 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 also requires large insured depository institutions, including the Bank, to maintain enhanced deposit account recordkeeping and related information technology system capabilities to facilitate prompt payment of insured deposits if such an institution were to fail.

As of September 30, 2021, the DIF reserve ratio stood at 1.27%. The FDIC, as required under the FDIA, 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 relating to such incentive-based payment arrangements was issued by the SEC 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 November 2021, the Federal Reserve, OCC and FDIC finalized a rule that, among other things, requires 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 would have applied to national banks, including the Bank, but in December 2021, the OCC rescinded those amendments and reinstated the CRA rules that have historically applied to national banks.

The OCC has also issued a joint statement with the other federal banking agencies, the FDIC and Federal Reserve, stating that they are committed to working together jointly to modernize the CRA rules.

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 was scheduled to take effect on April 1, 2021, but the OCC has delayed the effective date indefinitely. 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 27 through 43 in this 2021 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 expect to continue to incur substantial costs related to the Merger.
- The integration of Huntington and TCF may be more difficult, costly or time consuming than expected and Huntington may fail to realize the anticipated benefits of the Merger.
- Our future results may suffer if we do not effectively manage our expanded operations.

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.

Although U.S. and global economies have begun to recover from the COVID-19 pandemic as many health and safety restrictions have been lifted and vaccine distribution has increased, certain adverse consequences of the pandemic continue to impact the macroeconomic environment and may persist for some time, including labor shortages and disruptions of global supply chains. The growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications, has also contributed to rising inflationary pressures. 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 should the effects of the pandemic continue for an extended period of time or worsen. 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 rate and distribution and administration of vaccines globally, the severity and duration of any resurgence of COVID-19 variants, 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. These measures 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, may have a negative impact on our business, financial condition, liquidity, and results of operations. We also expect that the temporary reduction of interest rates to near zero will, over the course of 2022, be reversed, with the Federal Reserve now signaling its concerns with respect to inflation and announcing that it will begin to taper its purchases of mortgages and other bonds. 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 have increased 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, there is a risk of reduced revenues in our businesses and increased customer defaults. Furthermore, the U.S. economy experienced a temporary recession as a result of the pandemic, and our business could be materially and adversely affected by another recession should the effects of the pandemic continue for a period of time or worsen. To the extent the pandemic adversely affects our business, financial condition, liquidity, or results of operations, it also has the effect of heightening many of the other risks described in this 2021 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.

Our business depends on the creditworthiness of our customers. Our ACL of $2.1 billion at December 31, 2021, represented management's estimate of the current expected losses in our loan and lease portfolio (ALLL) as well as our unfunded lending commitments (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, including persistent inflation, supply chain issues or labor shortages, 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, inflation, 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 or to engage in tapering its purchase of assets 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%. While interest rates remain low, the Federal Reserve is expected to begin raising interest rates during 2022. 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.

Central banks around the world, including the Federal Reserve, have commissioned committees and working groups of market participants and official sector representatives to replace LIBOR and replace or reform other interest rate benchmarks. The publication of most LIBOR rates ceased as of the end of December 2021. While certain U.S. dollar LIBOR tenors are expected to continue to be published until June 30, 2023, the U.S. banking agencies have encouraged banks to cease entering into new contracts referencing LIBOR no later than December 31, 2021. A transition away from the widespread use of LIBOR to alternative rates and other potential interest rate benchmark reforms has begun and will continue over the course of the next few years. These reforms may cause such rates to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted.

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. 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.

Huntington implemented a LIBOR transition plan in 2018. As of December 31, 2021, the company ceased issuance of new LIBOR loans. Alternative reference rates at this time are predominantly SOFR based. Systems, products and analytics have been effectively transitioned away from LIBOR and are utilizing alternative reference rates. Remaining LIBOR transition project activities include remediation of remaining LIBOR products, including recently acquired products from TCF by June of 2023. We continue to assess the impact on our customers, with any needed LIBOR exceptions escalated to ELT for approval.

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 our data or that of our 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. Remote work further increases the risk that we may experience cyber incidents as a result of our employees, vendors, and other third parties with which we interact working remotely on less secure systems and environments.

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. Further, our ability to monitor our vendors' cybersecurity practices is limited. Although we generally have agreements relating to cybersecurity and data privacy in place with our vendors, we cannot guarantee that such agreements will prevent a cyber-incident impacting our systems or information or enable us to obtain adequate or any reimbursement from our service providers in the event we should suffer any such incidents. Due to applicable laws and regulations or contractual obligations, we may be held responsible for cyber-incidents attributed to our vendors as they relate to the information we share with them.

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. 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. Numerous other states have also enacted or are in the process of enacting state-level privacy, data protection and/or data security laws and regulations. For more information regarding data privacy laws and regulations, refer to Item 1: Business - "Regulatory Matters".

Further, we make public statements about our use, collection, disclosure and other processing of personal information through our privacy policies, information provided on our website and press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other statements that provide promises and assurances about privacy, data protection and data security can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices.

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, 2021, the book value of our goodwill was $5.3 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.

Climate change manifesting as physical or transition risks could adversely affect our operations, businesses and customers.

There is an increasing concern over the risks of climate change and related environmental sustainability matters. The physical risks of climate change include discrete events, such as flooding and wildfires, and longer-term shifts in climate patterns, such as extreme heat, sea level rise, and more frequent and prolonged drought. Under medium or longer-term scenarios, such events, if uninterrupted or unaddressed, could disrupt our operations or those of our customers or third parties on which we rely, including through direct damage to assets and indirect impacts from supply chain disruption and market volatility. Additionally, transitioning to a low-carbon economy may entail extensive policy, legal, technology and market initiatives. Transition risks, including changes in consumer preferences and additional regulatory requirements or supervisory expectations or taxes, could increase our expenses and undermine our strategies. In addition, our reputation and client relationships may be damaged as a result of our practices related to climate change, including our involvement, or our customers' involvement, in certain industries or projects, in the absence of mitigation and/or transition measures, associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. As climate risk is interconnected with all key risk types, we have developed and continue to enhance processes to embed climate risk considerations into our risk management strategies established for risks such as market, credit and operational risks; however, because the timing and severity of climate change may not be predictable, our risk management strategies may not be effective in mitigating climate risk exposure.

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. 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 continue 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 consumer protection, 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 the extent to which these policies would be implemented and what their impact on our business will 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 22 - "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 expect to continue to incur substantial costs related to the Merger.

We have incurred substantial costs in connection with the Merger and subsequent integration of the processes, policies, procedures, operations, and technologies and systems, including purchasing, accounting and finance, payroll, compliance, treasury management, branch operations, vendor management, risk management, lines of business, pricing and benefits. While we have attempted to accurately forecast these costs, factors that are beyond our control or that we have failed to accurately estimate could result in us incurring future charges in excess of our current estimates. These charges could be material and could materially adversely affect our future earnings.

The integration of Huntington and TCF may be more difficult, costly or time consuming than expected and Huntington 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 growth opportunities and cost savings from combining the businesses of Huntington and TCF. To realize the anticipated benefits and cost savings from the Merger, we must successfully integrate and combine the businesses of Huntington and TCF in a manner that permits those cost savings to be realized. If we are not able to successfully achieve these objectives, or if we have failed to accurately estimate the anticipated benefits of the Merger, the anticipated benefits may not be realized fully or at all, they may take longer to realize than expected, and we may incur additional unforeseen expenses.

The integration process could result in the loss of key employees, diversion of management attention and resources, the disruption of the combined company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees. In addition, the impacts of the COVID-19 pandemic may make it more costly or more difficult to integrate our new customers and employees, which, in turn, may make it more difficult to realize anticipated synergies or cost savings in the amounts estimated, in the timeframe contemplated, or at all.

Our future results may suffer if we do not effectively manage our expanded operations.

As a result of the Merger, the size, scope, and complexity of our business has increased significantly beyond that of either Huntington's or TCF's business prior to the Merger. Our future success will depend, in part, upon our ability to manage and achieve the benefits we have anticipated will be associated with this expanded business, challenges, including challenges related to the management and monitoring of new operations and the associated increased costs and complexity. We may also face increased scrutiny from governmental authorities as a result of the significant increase in the size of our business. There can be no assurances that we will be successful or that we will realize the expected operating efficiencies, cost savings, growth opportunities, revenue enhancements or other benefits currently anticipated.

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 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	50%	✓	
Cascade III (own building, lease land)	Akron, OH	Compliance, Consumer & Private Bank Technology, Corporate Sourcing, Bank Operations, Indirect Lending, Information Security Services	57%	✓	✓
Easton - HNB Business Service Center	Columbus, OH	Bank Operations, Vehicle Finance, Business Banking Credit, Technology, Special Assets, Human Resources	68%	✓	
Capitol Square	Columbus, OH	Bank Security, Internal Audit, Risk Administration, Treasury Management, Retail Bank Branch	57%	✓	
Gateway Center	Columbus, OH	Bank Operations, Corporate Sourcing, Indirect Loan, Insurance, Phone Bank	69%	✓	
Huntington Center (lease a portion of building)	Columbus, OH	Bank Administration, Private Client Group, Commercial Risk, Treasury, Finance, Accounting, Legal, Marketing, Human Resources, Tax	70%		✓
Huntington Plaza	Columbus, OH	Bank Operations, Compliance, HIC, Human Resources, Insurance	66%	✓	
Detroit Tower	Detroit, MI	Building expected to be completed in 2022	n/a		✓
Indianapolis Main	Indianapolis, IN	Regional Leadership, Business Banking, Commercial Banking, Vehicle Finance, HIC, Trust, Private Client	61%	✓	
Crescent Ridge	Minnetonka, MN	Wealth, Commercial Banking, Regional Executive Leadership	2%		✓
Plymouth Corporate Center	Plymouth, MN	Commercial Banking, Consumer and Business Banking, Private Client Group, Support Services	46%		✓
Troy West	Troy, MI	Commercial Banking, Consumer and Business Banking, Private Client Group, Support Services	43%		✓
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	52%	✓	

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 22 - "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

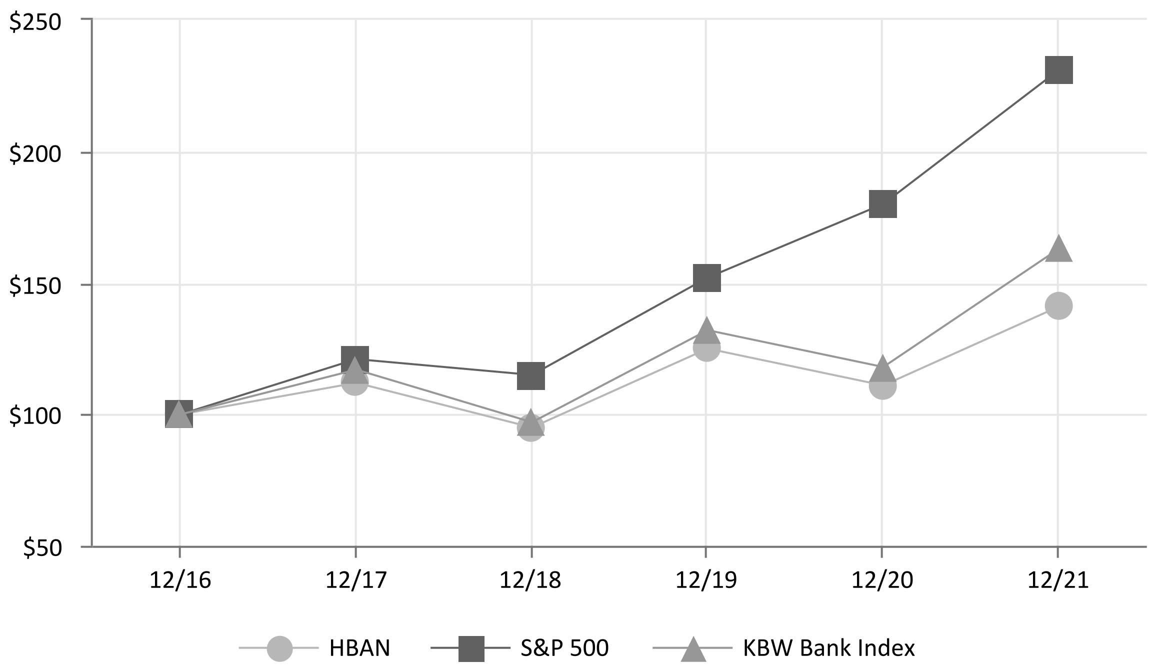
Not applicable.

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, 2022, we had 31,999 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 23 - "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, 2016, through December 31, 2021. 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, 2016, 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.



	2016	2017	2018	2019	2020	2021
HBAN	$100	$112	$95	$125	$111	$141
S&P 500	100	121	115	152	180	231
KBW Bank Index	100	117	97	132	118	163

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, 2021.

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, 2021 to October 31, 2021	—	$ —	$ 300,051,032
November 1, 2021 to November 30, 2021	3,341,891	15.86	247,052,787
December 1, 2021 to December 31, 2021	6,388,578	15.18	150,053,953
Total	9,730,469	$ 15.42	$ 150,053,953

(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.

On July 21, 2021, the Board authorized the repurchase of up to $800 million of common shares within the four quarter period from the third quarter of 2021 through the second quarter of 2022. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs. During 2021, Huntington repurchased a total of $650 million common stock, representing 43.1 million common shares, at a weighted average price of $15.07.

Item 6:

[Reserved]

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

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 brought increased scale and market density, as well as added new markets and capabilities. 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 3 "Acquisition of TCF Financial Corporation" of the Notes to Consolidated Financial Statements.

2021 Financial Performance Review

Total full-year revenue increased 24% to $6.0 billion, driven from the benefits of the TCF acquisition and organic growth. In 2021, we reported net income of $1.3 billion, a 59% increase from the prior year. Earnings per common share on a diluted basis for the year were $0.90, up 30% from the prior year. The reported net income was negatively impacted by TCF acquisition-related expenses totaling $701 million, or $566 million after tax ($0.44 per common share), in addition to the TCF acquisition initial provision for credit losses of $294 million, or $239 million after tax ($0.19 per common share).

Net interest income for 2021 was $4.1 billion, up $878 million, or 27%, from 2020. FTE net interest income for 2021 increased $882 million from 2020. The increase in FTE net income reflected the benefit from a $31.7 billion, or 29%, increase in average earning assets, partially offset by a 5 basis point decrease in the FTE net interest margin to 2.94%. Average earning asset growth included a $17.6 billion, or 22%, increase in average loans and leases, impacted by the TCF acquisition in June 2021, and a $9.4 billion, or 39% increase in average securities. The NIM compression reflected an 37 basis point decline in average earning asset yields and a 14 basis point decline in the benefit from noninterest-bearing funds, partially offset by a 46 basis point decline in average funding costs.

The provision for credit losses was $25 million, a decrease of $1.0 billion, or 98%. The current year reflects forecasted improvement in the macroeconomic scenarios resulting primarily from lower forecasted unemployment, 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). Prior year reflects the forecasted impact of COVID-19 and the related uncertainty.

Noninterest income was $1.9 billion, up $298 million, or 19%, from the prior year. Noninterest expense was $4.4 billion, up $1.6 billion, or 57%, from the prior year. The increases in both noninterest income and noninterest expense were primarily impacted by the acquisition of TCF.

The tangible common equity to tangible assets ratio was 6.88%, down 29 basis points. The regulatory Common Equity Tier 1 (CET1) risk-based capital ratio was 9.33%, down 67 basis points. The regulatory Tier 1 risk-based capital ratio was 10.99%, down 148 basis points. The decrease in regulatory capital ratios was driven by the repurchase of $650 million of common stock during 2021 and cash dividends, partially offset by earnings. 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 both are deducted from capital in the ratio calculation. The regulatory Tier 1 risk-based capital and total risk-based capital ratios also reflect the issuance of $500 million of Series H preferred stock in the 2021 first quarter, the issuance of $175 million of Series I preferred stock in the 2021 second quarter, partially offset by the redemptions of $600 million of Series D preferred stock in the 2021 third quarter and $100 million of Series C preferred stock in the 2021 fourth quarter. Additionally, the total risk-based capital ratio reflects the issuance of $558 million of subordinated notes in the 2021 third quarter.

On July 21, 2021, the Board approved the repurchase of up to $800 million of common shares within the four quarter period from the third quarter of 2021 through the second quarter of 2022. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs. During 2021, Huntington repurchased a total of $650 million of common stock, representing 43.1 million common shares, at a weighted average price of $15.07.

Business Overview

General

Our general business objectives are:

- Build on our vision to become the country’s leading people-first, digitally powered bank
- Drive sustainable long-term revenue growth and efficiency
- Deliver a Category of One customer experience through proactive and personalized guidance, differentiated products, and expertise
- Extend our digital capabilities with focus on ease of use, access to information, and self-service across products and services
- Add scale and scope by acquiring and deepening relationships and launching of select partnerships
- Maintain positive operating leverage and execute disciplined capital management
- Execute effective risk management with an aggregate moderate-to-low, through-the-cycle risk appetite

COVID-19

Although U.S. and global economies have begun to recover from the COVID-19 pandemic as many health and safety restrictions have been lifted and vaccine distribution has increased, certain adverse consequences of the pandemic continue to impact the macroeconomic environment and may persist for some time, including labor shortages and disruptions of global supply chains. The growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications, has also contributed to rising inflationary pressures. The extent to which the COVID-19 pandemic continues to impact our business, financial condition, liquidity, and results of operations will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the rate and distribution and administration of vaccines globally, the severity and duration of any resurgence of COVID-19 variants, the actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

We also expect that the temporary reduction of interest rates to near zero in response to the effects of the COVID-19 pandemic will, gradually and slowly over the course of the next year, be reversed, with the FRB now signaling its concerns with respect to inflation and announcing that it will begin to taper its purchase of mortgage and other bonds. The timing and impact of the expected reversal in interest rate trends is unknown.

Throughout the pandemic, we have 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 year, we continued to work with our customers who received PPP loan forgiveness. Through December 2021, $9.4 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. As of December 31, 2021, we have outstanding PPP loan balances of $1.5 billion.

Economy

Our 2021 results reflect good execution across the bank given the economic challenges faced by our customers, colleagues, communities and the country. We proactively managed through the continued low interest rate environment and economic volatility while finding additional ways to help our communities and complete the acquisition of TCF. 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, continue to improve. We believe that Huntington enters 2022 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.

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 2020			Change from 2019		
	2021	Amount	Percent	2020	Amount	Percent	2019
Interest income	$ 4,191	$ 544	15 %	$ 3,647	$ (554)	(13)%	$ 4,201
Interest expense	89	(334)	(79)	423	(565)	(57)	988
Net interest income	4,102	878	27	3,224	11	—	3,213
Provision for credit losses	25	(1,023)	(98)	1,048	761	265	287
Net interest income after provision for credit losses	4,077	1,901	87	2,176	(750)	(26)	2,926
Service charges on deposit accounts	372	71	24	301	(71)	(19)	372
Card and payment processing income	334	86	35	248	2	1	246
Mortgage banking income	309	(57)	(16)	366	199	119	167
Trust and investment management services	232	43	23	189	11	6	178
Capital markets fees	151	26	21	125	2	2	123
Insurance income	105	8	8	97	9	10	88
Leasing revenue	99	78	371	21	2	11	19
Bank owned life insurance income	69	5	8	64	(2)	(3)	66
Gain on sale of loans	9	(33)	(79)	42	(13)	(24)	55
Net gains (losses) on sales of securities	9	10	NM	(1)	23	96	(24)
Other noninterest income	200	61	44	139	(25)	(15)	164
Total noninterest income	1,889	298	19	1,591	137	9	1,454
Personnel costs	2,335	643	38	1,692	38	2	1,654
Outside data processing and other services	850	466	121	384	38	11	346
Net occupancy	277	119	75	158	(1)	(1)	159
Equipment	248	68	38	180	17	10	163
Professional services	113	58	105	55	1	2	54
Marketing	89	51	134	38	1	3	37
Deposit and other insurance expense	51	19	59	32	(2)	(6)	34
Amortization of intangibles	48	7	17	41	(8)	(16)	49
Lease financing equipment depreciation	41	40	NM	1	(3)	(75)	4
Other noninterest expense	323	109	51	214	(7)	(3)	221
Total noninterest expense	4,375	1,580	57	2,795	74	3	2,721
Income before income taxes	1,591	619	64	972	(687)	(41)	1,659
Provision for income taxes	294	139	90	155	(93)	(38)	248
Income after income taxes	1,297	480	59	817	(594)	(42)	1,411
Income attributable to non-controlling interest	2	2	NM	—	—	—	—
Net income attributable to Huntington Bancshares Inc	1,295	478	59	817	(594)	(42)	1,411
Dividends on preferred shares	131	31	31	100	26	35	74
Impact of preferred stock redemption	11	11	NM	—	—	—	—
Net income applicable to common shares	$ 1,153	$ 436	61 %	$ 717	$ (620)	(46)%	$ 1,337
Average common shares—basic	1,262	245	24 %	1,017	(22)	(2)%	1,039
Average common shares—diluted	1,287	254	25	1,033	(23)	(2)	1,056
Per common share:							
Net income—basic	$ 0.91	$ 0.20	28 %	$ 0.71	$ (0.58)	(45)%	$ 1.29
Net income—diluted	0.90	0.21	30	0.69	(0.58)	(46)	1.27
Cash dividends declared	0.605	0.01	2	0.60	0.02	3	0.58
Revenue—FTE							
Net interest income	$ 4,102	$ 878	27 %	$ 3,224	$ 11	— %	$ 3,213
FTE adjustment(1)	25	4	19	21	(5)	(19)	26
Net interest income(1)	4,127	882	27	3,245	6	—	3,239
Noninterest income	1,889	298	19	1,591	137	9	1,454
Total revenue(1)	$ 6,016	$ 1,180	24 %	$ 4,836	$ 143	3 %	$ 4,693

NM - Not meaningful

(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 on a consolidated basis. 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 2020 versus 2019, 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 2020 Form 10-K, filed with the SEC on February 26, 2021.

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 FTE 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)

	2021			2020		
(dollar amounts in millions)	Increase (Decrease) From Previous Year Due To			Increase (Decrease) From Previous Year Due To		
Fully-taxable equivalent basis (2)	Volume	Yield/ Rate	Total	Volume	Yield/ Rate	Total
Loans and leases	$ 663	$ (106)	$ 557	$ 200	$ (655)	$ (455)
Investment securities	174	(195)	(21)	23	(122)	(99)
Other earning assets	30	(18)	12	50	(55)	(5)
Total interest income from earning assets	867	(319)	548	273	(832)	(559)
Deposits	46	(199)	(153)	38	(425)	(387)
Short-term borrowings	(6)	(6)	(12)	(21)	(20)	(41)
Long-term debt	(38)	(131)	(169)	6	(143)	(137)
Total interest expense of interest-bearing liabilities	2	(336)	(334)	23	(588)	(565)
Net interest income	$ 865	$ 17	$ 882	$ 250	$ (244)	$ 6

(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 2020			Change from 2019		
	2021	Amount	Percent	2020	Amount	Percent	2019
Assets							
Interest-bearing deposits in Federal Reserve Bank	$ 8,129	$ 4,255	110 %	$ 3,874	$ 3,322	602 %	$ 552
Interest-bearing deposits in banks	372	196	111	176	34	24	142
Securities:							
Trading account securities	50	(9)	(15)	59	(77)	(57)	136
Available-for-sale securities:							
Taxable	19,767	8,375	74	11,392	498	5	10,894
Tax-exempt	2,916	181	7	2,735	(172)	(6)	2,907
Total available-for-sale securities	22,683	8,556	61	14,127	326	2	13,801
Held-to-maturity securities—taxable	10,000	752	8	9,248	603	7	8,645
Other securities	556	113	26	443	(28)	(6)	471
Total securities	33,289	9,412	39	23,877	824	4	23,053
Loans held for sale	1,398	277	25	1,121	305	37	816
Loans and leases: (1)							
Commercial:							
Commercial and industrial	36,898	5,274	17	31,624	3,339	12	28,285
Commercial real estate:							
Construction	1,500	344	30	1,156	(15)	(1)	1,171
Commercial	9,912	4,014	68	5,898	196	3	5,702
Commercial real estate	11,412	4,358	62	7,054	181	3	6,873
Lease financing	3,739	1,446	63	2,293	29	1	2,264
Total commercial	52,049	11,078	27	40,971	3,549	9	37,422
Consumer:							
Residential mortgage	15,953	4,259	36	11,694	607	5	11,087
Automobile	13,008	170	1	12,838	495	4	12,343
Home equity	10,018	1,088	12	8,930	(486)	(5)	9,416
RV and marine	4,672	796	21	3,876	425	12	3,451
Other consumer	1,287	201	19	1,086	(173)	(14)	1,259
Total consumer	44,938	6,514	17	38,424	868	2	37,556
Total loans and leases	96,987	17,592	22	79,395	4,417	6	74,978
Allowance for loan and lease losses	(1,993)	(412)	(26)	(1,581)	(795)	(101)	(786)
Net loans and leases	94,994	17,180	22	77,814	3,622	5	74,192
Total earning assets	140,175	31,732	29	108,443	8,902	9	99,541
Cash and due from banks	1,356	232	21	1,124	282	33	842
Goodwill and other intangible assets	4,108	1,907	87	2,201	(45)	(2)	2,246
All other assets	8,635	1,590	23	7,045	917	15	6,128
Total assets	$ 152,281	$ 35,049	30 %	$ 117,232	$ 9,261	9 %	$ 107,971
Liabilities and Shareholders' Equity							
Interest-bearing deposits:							
Demand deposits—interest-bearing	$ 32,708	$ 9,194	39 %	$ 23,514	$ 3,656	18 %	$ 19,858
Money market deposits	30,039	4,344	17	25,695	1,923	8	23,772
Savings and other domestic deposits	17,357	6,637	62	10,720	804	8	9,916
Core certificates of deposit (2)	2,368	(242)	(9)	2,610	(2,980)	(53)	5,590
Other domestic time deposits of $250,000 or more	353	137	63	216	(103)	(32)	319
Negotiable CDs, brokered and other deposits	3,525	(297)	(8)	3,822	1,006	36	2,816
Total interest-bearing deposits	86,350	19,773	30	66,577	4,306	7	62,271
Short-term borrowings	278	(869)	(76)	1,147	(1,297)	(53)	2,444
Long-term debt	7,479	(2,017)	(21)	9,496	164	2	9,332
Total interest-bearing liabilities	94,107	16,887	22	77,220	3,173	4	74,047
Demand deposits—noninterest-bearing	37,960	12,624	50	25,336	5,275	26	20,061
All other liabilities	3,205	832	35	2,373	70	3	2,303
Total Huntington Bancshares Inc shareholders' equity	16,997	4,694	38	12,303	743	6	11,560
Non-controlling interest	12	12	100	—	—	—	—
Total equity	17,009	4,706	38	12,303	743	6	11,560
Total liabilities and shareholders' equity	$ 152,281	$ 35,049	30 %	$ 117,232	$ 9,261	9 %	$ 107,971

(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)

(dollar amounts in millions)

	Interest Income / Expense			Average Yield Rate (1)		
FTE basis (2)	2021	2020	2019	2021	2020	2019
Assets						
Interest-bearing deposits in Federal Reserve Bank	$ 11	$ 6	$ 12	0.14 %	0.15 %	2.12 %
Interest-bearing deposits in banks	1	1	3	0.04	0.47	2.01
Securities:						
Trading account securities	1	2	3	3.32	3.10	2.17
Available-for-sale securities:						
Taxable	261	237	295	1.32	2.08	2.71
Tax-exempt	71	77	105	2.42	2.84	3.61
Total available-for-sale securities	332	314	400	1.46	2.23	2.90
Held-to-maturity securities—taxable	174	216	218	1.74	2.33	2.52
Other securities	10	6	16	1.75	1.41	3.47
Total securities	517	538	637	1.55	2.25	2.76
Loans held for sale	41	34	31	2.96	3.06	3.76
Loans and leases: (3)						
Commercial:						
Commercial and industrial	1,446	1,166	1,313	3.92	3.69	4.64
Commercial real estate:						
Construction	55	44	64	3.67	3.84	5.51
Commercial	307	181	273	3.10	3.07	4.79
Commercial real estate	362	225	337	3.17	3.19	4.91
Lease financing	186	124	128	4.98	5.42	5.66
Total commercial	1,994	1,515	1,778	3.83	3.70	4.75
Consumer:						
Residential mortgage	479	406	422	3.00	3.47	3.81
Automobile	471	504	500	3.62	3.93	4.05
Home equity	391	358	508	3.90	4.01	5.40
RV and marine	199	181	171	4.27	4.68	4.95
Other consumer	112	125	165	8.73	11.48	13.11
Total consumer	1,652	1,574	1,766	3.68	4.10	4.70
Total loans and leases	3,646	3,089	3,544	3.76	3.89	4.73
Total earning assets	$ 4,216	$ 3,668	$ 4,227	3.01 %	3.38 %	4.25 %
Liabilities and Shareholders' Equity						
Interest-bearing deposits:						
Demand deposits—interest-bearing	$ 12	$ 32	$ 116	0.04 %	0.14 %	0.58 %
Money market deposits	21	100	260	0.07	0.39	1.09
Savings and other domestic deposits	5	10	22	0.03	0.09	0.22
Core certificates of deposit (4)	1	38	119	0.03	1.44	2.13
Other domestic time deposits of $250,000 or more	1	3	7	0.21	1.18	1.82
Negotiable CDs, brokered and other deposits	5	15	61	0.16	0.38	2.18
Total interest-bearing deposits	45	198	585	0.05	0.30	0.94
Short-term borrowings	1	13	54	0.20	1.18	2.23
Long-term debt (5)	43	212	349	0.57	2.24	3.74
Total interest-bearing liabilities	89	423	988	0.09	0.55	1.34
Net interest income	$ 4,127	$ 3,245	$ 3,239			
Net interest rate spread				2.92	2.83	2.91
Impact of noninterest-bearing funds on margin				0.02	0.16	0.35
Net interest margin				**2.94 %**	**2.99 %**	**3.26 %**

(1) 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.
(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 and leases.
(4) Includes consumer certificates of deposit of $250,000 or more.
(5) Reflects the benefit of $89 million mark-to-market of interest rate caps for 2021. There was no impact for 2020 or 2019.

Net interest income for 2021 increased $878 million, or 27%, from 2020. FTE net interest income, a non-GAAP financial measure, for 2021 increased $882 million, or 27%, from 2020. The increase reflects the benefit of a $31.7 billion, or 29%, increase in average total earning assets partially offset by a 5 basis point decrease in the FTE NIM to 2.94%.

The increase in average total earning assets included a $17.6 billion, or 22%, increase in average loans and leases and a $9.4 billion, or 39%, increase in average total securities. Average balances across earning asset categories for 2021 reflect the late second-quarter TCF acquisition. The increase in average securities additionally reflected the purchase of securities to deploy excess liquidity. Average earning asset yields decreased 37 basis points due to lower interest rates on loans and leases (down 13 basis points), a decline in securities yields (down 70 basis points) and the impact of elevated deposits at the Federal Reserve Bank, partially offset by deferred PPP loan fees recognized upon receipt of forgiveness payments from the SBA (benefit of 9 basis points) and purchase accounting net accretion (benefit of 6 basis points). Average funding costs decreased 46 basis points, primarily driven by lower cost of long-term debt (down 167 basis points) and interest-bearing deposits (down 25 basis points). The benefit from noninterest-bearing funding declined 14 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 in 2021 was $25 million, a decrease of $1.0 billion, or 98%, from 2020. The decrease in provision expense over the prior year was primarily attributed to the improvement in the macroeconomic scenarios resulting primarily from lower forecasted unemployment, 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). The provision for credit losses in 2020 reflects the forecasted impact of COVID-19 and the related uncertainty.

Noninterest Income

The following table reflects noninterest income for each of the periods presented:

Table 4 - Noninterest Income

	Year Ended December 31,						
(dollar amounts in millions)		Change from 2020			Change from 2019		
	2021	Amount	Percent	2020	Amount	Percent	2019
Service charges on deposit accounts	$ 372	$ 71	24 %	$ 301	$ (71)	(19)%	$ 372
Card and payment processing income	334	86	35	248	2	1	246
Mortgage banking income	309	(57)	(16)	366	199	119	167
Trust and investment management services	232	43	23	189	11	6	178
Capital markets fees	151	26	21	125	2	2	123
Insurance income	105	8	8	97	9	10	88
Leasing revenue	99	78	371	21	2	11	19
Bank owned life insurance income	69	5	8	64	(2)	(3)	66
Gain on sale of loans	9	(33)	(79)	42	(13)	(24)	55
Net gains (losses) on sales of securities	9	10	NM	(1)	23	96	(24)
Other noninterest income	200	61	44	139	(25)	(15)	164
Total noninterest income	$ 1,889	$ 298	19 %	$ 1,591	$ 137	9 %	$ 1,454

Noninterest income was $1.9 billion, up $298 million, or 19%, from the prior year. Noninterest income for 2021 was impacted by the June 2021 acquisition of TCF. Card and payment processing increased $86 million, or 35%, primarily reflecting higher interchange income resulting from the TCF acquisition in addition to reduced customer activity as a result of the pandemic stay-at-home orders in the beginning of the prior year period. Leasing revenue increased $78 million primarily reflecting the addition of TCF's portfolio of products. Service charges on deposit accounts increased $71 million, or 24%, primarily due to the impact of the addition of TCF customers, while the prior year period reflected pandemic-related fee waivers occurring through June. Other noninterest income increased $61 million, or 44%, primarily reflecting increased mezzanine investment income, increased amortization of upfront card-related contract renewal fees, purchase accounting accretion from acquired unfunded loan commitments and a gain from branch divestiture, partially offset by the prior year period gain on the annuitization of a retiree health plan. Trust and investment management services income increased $43 million, or 23%, primarily reflecting higher sales production, overall market performance and the impact of TCF. Capital markets fees increased $26 million, or 21%, primarily driven by increases in derivative trading fees and foreign exchange fees. Offsetting these increases, mortgage banking income decreased $57 million, or 16%, largely reflecting lower secondary marketing spreads. Gains on the sale of loans decreased $33 million, or 79%, due largely to the strategic decision to retain SBA loans on the balance sheet.

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 2020			Change from 2019		
	2021	Amount	Percent	2020	Amount	Percent	2019
Personnel costs	$ 2,335	$ 643	38 %	$ 1,692	$ 38	2 %	$ 1,654
Outside data processing and other services	850	466	121	384	38	11	346
Net occupancy	277	119	75	158	(1)	(1)	159
Equipment	248	68	38	180	17	10	163
Professional services	113	58	105	55	1	2	54
Marketing	89	51	134	38	1	3	37
Deposit and other insurance expense	51	19	59	32	(2)	(6)	34
Amortization of intangibles	48	7	17	41	(8)	(16)	49
Lease financing equipment depreciation	41	40	NM	1	(3)	(75)	4
Other noninterest expense	323	109	51	214	(7)	(3)	221
Total noninterest expense	$ 4,375	$ 1,580	57 %	$ 2,795	$ 74	3 %	$ 2,721
Number of employees (average full-time equivalent)	18,442	2,864	18 %	15,578	(86)	(1)%	15,664

Impacts of TCF acquisition-related expense:

(dollar amounts in millions)	Year Ended December 31,		
	2021	2020	2019
Personnel costs	$ 177	$ —	$ —
Outside data processing and other services	303	—	—
Net occupancy	82	—	—
Equipment	16	—	—
Professional services	57	—	—
Marketing	5	—	—
Other noninterest expense	61	—	—
Total noninterest expense adjustments	$ 701	$ —	$ —

Noninterest expense was $4.4 billion, an increase of $1.6 billion, or 57%, from the prior year primarily reflecting the impact of the TCF acquisition and the TCF acquisition-related expenses. Personnel costs increased $643 million, or 38%, primarily reflecting higher salaries and incentives related to an 18% increase in average full-time equivalent employees as a result of the TCF acquisition, as well as TCF acquisition-related expenses. Outside data processing and other services increased $466 million, or 121%, reflecting TCF acquisition-related expenses and an increase in technology investments. Increases in net occupancy of $119 million, or 75%, equipment expense of $68 million, or 38%, professional services expense of $58 million, or 105%, and other noninterest expense of $109 million, or 51%, were primarily due to the impact of the TCF acquisition and TCF acquisition-related expenses. Marketing expense increased $51 million, or 134%, reflecting deepening spend in new markets, and an increase in acquisition-related expenses. Lease financing equipment depreciation increased $40 million and deposit and other insurance expense increased $19 million, or 59%, primarily reflecting the impact of the TCF acquisition.

Provision for Income Taxes

(This section should be read in conjunction with Note 1 - "Significant Accounting Policies" and Note 18 - "Income Taxes" of the Notes to Consolidated Financial Statements.)

The provision for income taxes was $294 million for 2021, compared with a provision for income taxes of $155 million in 2020. The effective tax rates for 2021 and 2020 were 18.5% and 15.9%, respectively. Both years included the benefits from general business credits, capital losses, tax-exempt income, tax-exempt bank owned life insurance income, and investments in qualified affordable housing projects.

As of December 31, 2021 and 2020 there was no valuation allowance on federal deferred taxes. In 2021, a $7 million increase in the provision for state income taxes, net of federal tax effect, was recorded for the portion of state deferred tax assets that are not more likely than not to be realized, compared to an increase of $5 million, net of federal tax effect, in 2020.

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, through-the-cycle. 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 and monitoring of this desired risk appetite:

- Our *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 our 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.
- Our *Risk Oversight Committee* assists the Board in overseeing management of material risks, the approval and monitoring of our capital position and plan supporting our overall aggregate moderate-to-low, through-the-cycle risk appetite, the risk governance structure, compliance with applicable laws and regulations, and determining adherence to the board's stated risk appetite. The ROC 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 our Board in overseeing the credit review group. 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.

- Our *Technology Committee* assists our Board 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. Our Technology Committee provides oversight of technology investments and plans to drive efficiency as well as to meet defined standards for risk, information security, and redundancy. Our Technology Committee oversees the allocation of technology costs and ensures that they are understood by the Board. Our Technology Committee monitors and evaluates innovation and technology trends that may affect our strategic plans, including monitoring of overall industry trends. The Technology Committee reviews and provides oversight of our continuity and disaster recovery planning and preparedness.

Our 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.

Our 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 our Compensation Committee, our Board 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, through-the-cycle risk appetite. 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. We also use derivatives, principally loan sale commitments, in hedging our mortgage loan interest rate lock commitments and 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 ongoing expansion of portfolio management resources is central to our commitment to maintaining an aggregate moderate-to-low, through-the-cycle risk appetite. 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 consumer 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.

Loan and Lease Credit Exposure Mix

At December 31, 2021, our loans and leases totaled $111.9 billion, representing a $30.3 billion, or 37%, increase compared to $81.6 billion at December 31, 2020.

Total commercial loans and leases were $61.6 billion at December 31, 2021, and represented 55% of our total loan and lease credit exposure. Our commercial loan portfolio is diversified by product type, customer size, and geography, and is comprised of the following (*see Commercial Credit discussion)*:

C&I – C&I loans 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 markets. C&I loans 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 & Beverage, Finance and Insurance, etc.) and/or lending disciplines (Equipment Finance, Inventory 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 customers.

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 and our credit policies.

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 multi-family, retail, 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 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.

Lease Financing – Lease financing products are designed to address the diverse financing needs of small to large companies primarily for the acquisition of equipment. Our lease financing portfolio will utilize a variety of origination partners and third-party sources including equipment manufacturers, dealers, or vendors set up under program structures to generate transactions from a nationwide footprint. High level business lines comprise of Industrial Finance, Specialty Finance, Healthcare Finance, Technology Finance, and Specialized Transportation, Franchise, & Government.

Total consumer loans and leases were $50.3 billion at December 31, 2021, and represented 45% 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)*.

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.

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 19% 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.

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 31% 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 6 - Loan and Lease Portfolio Composition

	At December 31,			
(dollar amounts in millions)	2021		2020	
Commercial:				
Commercial and industrial	$ 41,688	37 %	$ 33,151	40 %
Commercial real estate:				
Commercial	13,090	12	6,164	8
Construction	1,871	2	1,035	1
Commercial real estate	14,961	14	7,199	9
Lease financing	5,000	4	2,222	3
Total commercial	61,649	55	42,572	52
Consumer:				
Residential mortgage	19,256	17	12,141	15
Automobile	13,434	12	12,778	16
Home equity	10,550	9	8,894	11
RV and marine	5,058	5	4,190	5
Other consumer	1,973	2	1,033	1
Total consumer	50,271	45	39,036	48
Total loans and leases	$ 111,920	100 %	$ 81,608	100 %

Our loan and lease 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. Commercial 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 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, through-the-cycle risk appetite. 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, 2020 are consistent with the portfolio growth metrics.

Table 7 - Loan and Lease Portfolio by Industry Type

(dollar amounts in millions)	December 31, 2021		December 31, 2020	
Commercial loans and leases:				
Real estate and rental and leasing	$ 14,287	13 %	$ 6,962	9 %
Manufacturing	7,401	7	5,556	7
Retail trade (1)	6,709	6	5,111	6
Health care and social assistance	4,733	4	3,646	4
Finance and insurance	4,595	4	3,389	4
Wholesale Trade	4,067	4	2,652	3
Accommodation and food services	3,778	3	3,100	4
Transportation and warehousing	3,096	3	1,401	2
Other services	2,119	2	1,613	2
Construction	1,980	2	1,389	2
Professional, scientific, and technical services	1,975	2	2,051	3
Arts, entertainment, and recreation	1,495	1	744	1
Admin./Support/Waste Mgmt. and Remediation Services	1,285	1	975	1
Utilities	932	1	793	1
Information	870	1	829	1
Public administration	713	1	662	1
Educational services	657	—	735	1
Agriculture, forestry, fishing and hunting	453	—	157	—
Mining, quarrying, and oil and gas extraction	358	—	601	—
Management of companies and enterprises	130	—	144	—
Unclassified/other	16	—	62	—
Total commercial loans and leases by industry category	61,649	55 %	42,572	52 %
Residential mortgage	19,256	17	12,141	15
Automobile	13,434	12	12,778	16
Home Equity	10,550	9	8,894	11
RV and marine	5,058	5	4,190	5
Other consumer loans	1,973	2	1,033	1
Total loans and leases	$ 111,920	100 %	$ 81,608	100 %

(1) Amounts include $1.5 billion and $2.4 billion of auto dealer services loans at December 31, 2021 and December 31, 2020, respectively.

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 signature approval authorities and centralized 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.

LEASE FINANCING

We manage the risks inherent in the Lease Financing portfolio through external consumer and business credit scoring solutions, internally developed custom probability of default and loss given default models, continuous portfolio risk management activities, and equipment and customer diversification. Our origination policies are aligned by transaction size with increased use of the personal guarantee of principals and external credit scoring tools for smaller transactions and expanded financial analysis and reporting requirements for larger transactions. Our program focuses on high-quality manufacturer, distributor, vendor, or third party originations sources with in-depth partner diligence. The lease financing group may use manufacturer loss risk share programs that provide additional transaction support, but the origination strategy prioritizes strong customer financial condition.

High level business lines are comprised of Industrial Finance, Specialty Finance, Healthcare Finance, Technology Finance, and Specialized Transportation, Franchise, and Government with multiple segments under each main line. We also have specific equipment types or industries designated as low tolerance with additional front-end guidance and diligence requirements. Subsequent to the origination of the lease, the credit review group provides an independent review and assessment of the quality of the underwriting and risk of new lease originations.

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 credit review group conducts ongoing independent credit origination and process reviews 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.

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.

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.

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, 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 2021 reflected NCOs of $215 million, or 0.22% of average total loans and leases, a decrease from $449 million or 0.57% in the prior year. The decrease was driven by $182 million decrease in Commercial NCOs and a $52 million decrease in Consumer NCOs. NPAs increased by $187 million, or 33%, to $750 million, largely driven by the TCF acquisition. The ACL to total loans ratio decreased to 1.88% at December 31, 2021 compared to 2.29% at December 31, 2020, primarily reflecting the improvement in the macroeconomic scenarios resulting primarily from lower forecasted unemployment. The prior year reflects the forecasted impact of COVID-19 and the related uncertainty.

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 $522 million of commercial related NALs at December 31, 2021, $382 million, or 73%, 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, and if not fully charged-off is placed on non-accrual.

When loans are placed on nonaccrual, any accrued interest is reversed against interest income. 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:

Table 8 - Nonaccrual Loans and Leases and Nonperforming Assets

	December 31,	
(dollar amounts in millions)	2021	2020
Nonaccrual loans and leases (NALs):		
Commercial and industrial	$ 370	$ 349
Commercial real estate	104	15
Lease financing	48	4
Residential mortgage	111	88
Automobile	3	4
Home equity	79	70
RV and marine	1	2
Total nonaccrual loans and leases	716	532
Other real estate, net:		
Residential	8	4
Commercial	1	—
Total other real estate, net	9	4
Other NPAs (1)	25	27
Total nonperforming assets	$ 750	$ 563
Nonaccrual loans and leases as a % of total loans and leases	0.64 %	0.65 %
NPA ratio (2)	0.67	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.

Total NPAs increased $187 million, or 33%, compared with December 31, 2020, largely driven by the TCF acquisition.

ACL

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.

We use a statistically-based models that employ assumptions about current and future economic conditions throughout the contractual life of the loan. The process of estimating expected credit losses is based on three 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 described below. These macroeconomic scenarios contain certain 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 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 fourth quarter 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 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 9 - Forecasted Key Macroeconomic Variables

	2020	2021		2022	
Baseline scenario forecast	Q4	Q2	Q4	Q2	Q4
Unemployment rate (1)					
4Q 2020	7.2%	7.5%	7.2%	6.4%	5.5%
4Q 2021	N/A	N/A	4.5	3.7	3.5
Gross Domestic Product (1)					
4Q 2020	3.0%	3.8%	5.8%	4.4%	3.9%
4Q 2021	N/A	N/A	6.6	3.6	2.5

(1) Values reflect the baseline scenario forecast inputs for each period presented, not updated for subsequent actual amounts.

Management continues to assess the uncertainty in the macroeconomic environment, including uncertainty related to the COVID-19 pandemic, and considered multiple macroeconomic forecasts that reflected a range of possible outcomes in order to address such uncertainty. While we have incorporated estimates of economic uncertainty into our ACL, the ultimate impact the unprecedented levels of government fiscal and monetary actions will have on the economy, including inflation and our credit losses remain uncertain.

Management develops 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 scenario weighting. Given the uncertainty associated with key economic scenario assumptions, the December 31, 2021 ACL included a general reserve that consists of various risk profile components, including profiles related to the commercial real estate portfolio, 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 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 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. The absolute level of the ACL balance increased year over year, driven by the impact of the TCF acquisition. However, all of the relevant allowance coverage ratios have improved from the prior year end, while still reflecting the level of uncertainty around the future macroeconomic environment resulting from the COVID-19 pandemic and indicated inflationary pressures. For further information, including the ALLL and AULC activity by portfolio segment, refer to Note 6 “Allowance for Credit Losses” of the Notes to Consolidated Financial Statements.

The table below reflects the allocation of our ALLL among our various loan categories and the reported ACL:

Table 10 - Allocation of Allowance for Credit Losses (1)

(dollar amounts in millions)	December 31,			
	2021		2020	
ACL				
Commercial				
Commercial and industrial	$ 832	37 %	$ 879	40 %
Commercial real estate	586	14	297	9
Lease financing	44	4	60	3
Total commercial	1,462	55	1,236	52
Consumer				
Residential mortgage	145	17	79	15
Automobile	108	12	166	16
Home equity	88	9	124	11
RV and marine	105	5	129	5
Other consumer	122	2	80	1
Total consumer	568	45	578	48
Total ALLL	2,030	100 %	1,814	100 %
AULC	77		52	
Total ACL	$ 2,107		$ 1,866	
Total ALLL as % of:				
Total loans and leases		1.81 %		2.22 %
Nonaccrual loans and leases		284		341
NPAs		271		323
Total ACL as % of:				
Total loans and leases		1.88 %		2.29 %
Nonaccrual loans and leases		294		351
NPAs		281		332

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

At December 31, 2021, the ACL was $2.1 billion or 1.88% of total loans and leases, compared to $1.9 billion or 2.29% at December 31, 2020. The increase was primarily related to the TCF acquisition and associated allowance attributable to the acquired loans and leases and unfunded lending commitments, partially offset by improvement in the forecasted macroeconomic environment resulting from anticipated lower unemployment and higher GDP.

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:

Table 11 - Net Loan and Lease Charge-offs

(dollar amounts in millions)	Year Ended December 31,		
	2021	2020	2019
Net charge-offs by loan and lease type:			
Commercial:			
Commercial and industrial	$ 99	$ 287	$ 123
Commercial real estate:			
Construction	(1)	—	(2)
Commercial	18	43	(1)
Commercial real estate	17	43	(3)
Lease financing	44	12	5
Total commercial	160	342	125
Consumer:			
Residential mortgage	(1)	3	6
Automobile	(6)	33	32
Home equity	(5)	6	8
RV and marine	5	12	11
Other consumer	62	53	83
Total consumer	55	107	140
Total net charge-offs (1)	$ 215	$ 449	$ 265
Net charge-offs - annualized percentages:			
Commercial:			
Commercial and industrial	0.27 %	0.91 %	0.44 %
Commercial real estate:			
Construction	(0.07)	(0.05)	(0.15)
Commercial	0.18	0.74	(0.02)
Commercial real estate	0.14	0.61	(0.05)
Lease financing	1.18	0.54	0.19
Total commercial	0.31	0.84	0.33
Consumer:			
Residential mortgage	—	0.03	0.06
Automobile	(0.05)	0.26	0.26
Home equity	(0.05)	0.07	0.08
RV and marine	0.10	0.31	0.31
Other consumer	4.84	4.84	6.62
Total consumer	0.12	0.28	0.37
Net charge-offs as a % of average loans (1)	0.22 %	0.57 %	0.35 %

(1) Net charge-offs and associated metrics for the year ended December 31, 2021 exclude $80 million of charge-offs recognized immediately upon completion of the TCF acquisition and related to required purchase accounting treatment.

NCOs decreased $234 million, or 52%, in 2021 compared to 2020. 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 decrease was broad based due to positive portfolio performance throughout 2021.

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.

We measure 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 our balance sheet, we compare 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, we presume that market rates will not 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.

Interest rate risk measurement is calculated and reported to the Board of Directors at least quarterly. A comprehensive discussion of risk management governance can be found in Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations and the "Risk Governance" section of this Form 10-K.

We use two approaches to model interest rate risk: Net interest income at risk (NII at risk) and economic value of equity at risk modeling sensitivity analysis (EVE at Risk).

Table 12 - Net Interest Income at Risk

	Net Interest Income at Risk (%)		
Basis point change scenario	-25	+100	+200
December 31, 2021	-2.4	4.6	8.9
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.

The NII at Risk shows that the balance sheet is asset sensitive at both December 31, 2021 and December 31, 2020. The increase in sensitivity is primarily driven by changes in market interest rate expectations, and the size and mix of the balance sheet.

Table 13 - Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-25	+100	+200
December 31, 2021	-0.1	-1.5	-5.6
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.

As of December 31, 2021, the EVE depicts a liability sensitive (long duration) balance sheet profile. The change in sensitivity from December 31, 2020 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.

We have LIBOR-based exposure in the form of 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 established a LIBOR transition team and project plan under the oversight of the CRO and CFO, providing periodic updates to the ROC. As of December 31, 2021, Huntington ceased issuance of new LIBOR loans. All legacy Huntington contracts that reference LIBOR have been reviewed to determine if fallback language is needed and legacy TCF contracts are in the review process. Remediation efforts coordinated by the LIBOR transition team will be complete by June of 2023. Source systems have been updated to support alternative reference rates. At this time alternative reference rates are predominantly SOFR based. As such, 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. 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, caps and floors, forward contracts, and forward starting interest rate swaps.

Table 14 shows all swap and floor positions, and cap positions that existed at the prior year end, 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 20 “Derivative Financial Instruments” of the Notes to Consolidated Financial Statements.

The following tables present additional information about the interest rate swaps and floors used in Huntington's asset and liability management activities at December 31, 2021 and interest rate swaps, caps and floors at December 31, 2020.

Table 14 - Weighted-Average Maturity, Receive Rate and LIBOR Reset Rate on Asset Liability Management Instruments

	December 31, 2021				
(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	$ 10,775	1.88	$ 58	1.38 %	0.11 %
Pay Fixed - Receive 1 month LIBOR (1)	1,625	8.83	34	1.08	0.10
Pay Fixed - Receive SOFR	67	7.98	—	1.32	—
Pay Fixed - Receive 1 month LIBOR - forward starting	6,500	3.97	78	0.90	—
Pay Fixed - Receive SOFR - forward starting (3)	36	7.32	—	1.29	
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	1,928	2.16	54	2.13	0.10
Basis swaps					
Pay SOFR- Receive Fed Fund (economic hedges) (4)	$ 230	3.66	$ —	0.08	0.06
Pay Fed Fund - Receive SOFR (economic hedges) (4)	41	0.98	—	0.05	0.08
Total swap portfolio	$ 21,202		$ 224		

	December 31, 2021				
(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	$ 375	0.06	$ 2	1.93 %	0.10 %
Total floors portfolio	$ 375		$ 2		

	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 (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		

	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 (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 caps and floors 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 between June 2022 and February 2023.
(3) Forward starting swaps effective starting January 2022.
(4) Swaps have variable pay and variable receive resets. Weighted Average Fixed Rate column represents pay rate reset.
(5) Forward starting swaps and caps effective starting in April 2021.
(6) Forward starting swaps become effective starting from January 2021 to May 2021.
(7) Forward starting floors become effective starting from March 2021 to June 2021.

Net interest income in 2021 was benefited by $89 million 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 2021 second quarter.

MSRs

(This section should be read in conjunction with Note 7 - "Mortgage Loan Sales and Servicing Rights" of Notes to Consolidated Financial Statements.)

At December 31, 2021, we had a total of $351 million of capitalized MSRs representing the right to service $31.0 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 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 Board of Directors approves the liquidity strategy and furthermore reviews the acceptable level of liquidity risk, policy, and procedures established by senior management. 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. Our liquidity 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 consumer 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 98% of total deposits at December 31, 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 $19.1 billion as of December 31, 2021. 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.

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 weighted average yield by maturity of the held-to-maturity portfolio is presented on the following table:

Table 15 - Held-to-maturity Securities Weighted Average Yield by Maturity

	At December 31, 2021				
	1 year or less	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total
(dollar amounts in millions)	Yield (1)	Yield (1)	Yield (1)	Yield (1)	Yield (1)
Held-to-maturity securities, at cost:					
Federal agencies:					
Residential CMO	— %	2.44 %	— %	2.05 %	2.06 %
Residential MBS	—	—	—	1.86	1.86
Commercial MBS	—	—	2.77	2.93	2.92
Other agencies	1.92	2.47	2.72	2.52	2.50
Total Federal agencies and other agencies	1.92	2.46	2.75	2.09	2.10
Municipal securities	—	—	—	2.63	2.63
Total held-to-maturity securities	1.92 %	2.46 %	2.75 %	2.09 %	2.10 %

(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 consumer and commercial core deposits. At December 31, 2021, these core deposits funded 80% of total assets (125% 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 $29 million and $14 million at December 31, 2021 and December 31, 2020, respectively.

The following table reflects deposit composition detail:

Table 16 - Deposit Composition

(dollar amounts in millions)	At December 31, 2021		2020	
By Type:				
Demand deposits—noninterest-bearing	$ 43,236	30 %	$ 28,553	29 %
Demand deposits—interest-bearing	39,837	28	26,757	27
Money market deposits	32,522	23	26,248	27
Savings and other domestic deposits	21,088	15	11,722	12
Core certificates of deposit (1)	2,740	2	1,425	1
Total core deposits:	139,423	98	94,705	96
Other domestic deposits of $250,000 or more	359	—	131	—
Negotiable CDs, brokered and other deposits	3,481	2	4,112	4
Total deposits	$ 143,263	100 %	$ 98,948	100 %
Total core deposits:				
Commercial	$ 61,521	44 %	$ 44,698	47 %
Consumer	77,902	56	50,007	53
Total core deposits	$ 139,423	100 %	$ 94,705	100 %

(1) Includes consumer certificates of deposit of $250,000 or more.

The following table reflects consolidated Huntington Bancshares Incorporated amounts. Uninsured deposits are defined as the portion of deposit accounts in U.S. offices that exceed the FDIC insurance limit or similar state deposit insurance regimes and amounts in any other uninsured investment or deposit accounts that are classified as deposits and not subject to any federal or state deposit insurance regimes.

Table 17 - Uninsured deposits

(dollar amounts in millions)	At December 31, 2021	2020
Uninsured deposits (1)	$ 48,869	$ 35,414

(1) Uninsured deposits were determined by adjusting the amounts reported in the Bank Call Report to arrive at consolidated Huntington Bancshares Incorporated.

(dollar amounts in millions)	At December 31, 2021: 3 months or less	3 months to 6 months	6 months to 12 months	12 months or more	Total
Portion of U.S. time deposits in excess of insurance limit	$ 162	$ 114	$ 75	$ 36	$ 387

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 $70.1 billion and $53.4 billion at December 31, 2021 and December 31, 2020, respectively.

At December 31, 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 $21.7 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, 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. Our wholesale funding for both the Bank and parent company totaled $11.3 billion at December 31, 2021, compared to $12.8 billion at December 31, 2020. The decrease from the prior year-end primarily relates to a decrease in long-term debt.

The Bank may issue long-term debt pursuant to an authorization from the Bank's board of directors that allows for the periodic issuance of senior and/or subordinated debt securities with fixed or floating interest rates. The aggregate principal amount of the debt securities available for issuance is capped by the board authorization and is reviewed periodically for adjustment.

At December 31, 2021, we believe the Bank has sufficient liquidity and capital resources to meet its cash flow obligations over the next 12 months and for the foreseeable future.

The following table reflects the composition and maturities of the loan and lease portfolio:

Table 18 - Maturity Schedule of Loans and leases

	December 31, 2021					
(dollar amounts in millions)	One Year or Less	One to Five Years	Five to Fifteen Years	After Fifteen Years	Total	Percent of total
Commercial:						
Commercial and industrial	$ 11,581	$ 23,891	$ 5,548	$ 668	$ 41,688	37 %
Commercial real estate	2,778	9,124	2,979	80	14,961	14 %
Lease financing	500	3,533	711	256	5,000	4 %
Total commercial	14,859	36,548	9,238	1,004	61,649	55 %
Consumer:						
Residential mortgage	16	94	2,108	17,038	19,256	17 %
Automobile	196	7,793	5,398	47	13,434	12 %
Home equity	282	575	2,074	7,619	10,550	9 %
RV and marine	1	97	3,127	1,833	5,058	5 %
Other consumer	563	1,092	219	99	1,973	2 %
Total consumer	1,058	9,651	12,926	26,636	50,271	45 %
Total loans and leases	$ 15,917	$ 46,199	$ 22,164	$ 27,640	$ 111,920	100 %
Percent of total	14 %	41 %	20 %	25 %	100 %	

The following table reflects the loans and leases due after one year:

Table 21 - Loans and leases due after one year

	Interest rate	
(dollar amounts in millions)	Fixed	Floating or Adjustable
Commercial:		
Commercial and industrial	$ 10,965	$ 19,142
Commercial real estate	1,530	10,653
Lease financing	4,500	—
Total commercial	16,995	29,795
Consumer:		
Residential mortgage	9,685	9,555
Automobile	13,238	—
Home equity	2,383	7,885
RV and marine finance	5,057	—
Other consumer	677	733
Total consumer	31,040	18,173
Total loans and leases	$ 48,035	$ 47,968

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 Series I Preferred Stock of Huntington having substantially the same terms as TCF's preferred stock. *See Note 13 - "Shareholders' Equity" of the Notes to Consolidated Financial Statements for more information*.

At December 31, 2021 and December 31, 2020, the parent company had $2.8 billion and $4.5 billion, respectively, in cash and cash equivalents.

On January 19, 2022, our Board of Directors declared a quarterly common stock cash dividend of $0.155 per common share. The dividend is payable on April 1, 2022, to shareholders of record on March 18, 2022. Based on the current quarterly dividend of $0.155 per common share, cash demands required for common stock dividends are estimated to be approximately $223 million per quarter. On January 19, 2022, our Board of Directors declared a quarterly Series B, Series E, Series F, Series G and Series H Preferred Stock dividend payable on April 15, 2022 to shareholders of record on April 1, 2022. On December 9, 2022, our Board of Directors declared a quarterly dividend for the Series I Preferred Stock payable on March 1, 2022 to shareholders of record on February 15, 2022. Total cash demands required for Series B, Series E, Series F, Series G, Series H and Series I Preferred Stock are expected to be approximately $28 million per quarter.

During 2021, the Bank paid preferred and common dividends to the parent company of $45 million and $1.3 billion, respectively. To meet any additional liquidity needs, the parent company may issue debt or equity securities. To support the parent company's ability to issue debt or equity securities, we have filed with the SEC an automatic shelf registration statement covering an indeterminate amount or number of securities to be offered or sold from time to time as authorized by the Huntington's Board of Directors.

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, caps 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 22 - "Commitments and Contingent Liabilities" 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 22 - "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 22 - "Commitments and Contingent Liabilities" of the Notes to Consolidated Financial Statements for more information.*

Contractual obligations, including off-balance sheet arrangements are properly considered in our liquidity risk management process. At December 31, 2021, we believe the Company has sufficient liquidity and capital resources to meet its cash flow obligations over the next 12 months and for the foreseeable future.

Table 20 - Contractual Obligations (1)

(dollar amounts in millions)	At December 31, 2021				
	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Deposits without a stated maturity	$ 139,348	$ —	$ —	$ —	$ 139,348
Certificates of deposit and other time deposits	3,438	393	84	—	3,915
Short-term borrowings	334	—	—	—	334
Long-term debt	1,415	2,472	1,253	1,863	7,003
Operating lease obligations	64	115	79	263	521
Purchase commitments	136	152	58	91	437

(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 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 our 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; 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 23 - "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 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. The cumulative impact of the two-year delay will be phased-in over the three-year transition period. We have 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 21 - Capital Under Current Regulatory Standards (Basel III)

(dollar amounts in millions)	At December 31, 2021	At December 31, 2020
CET 1 risk-based capital ratio:		
Total shareholders' equity	$ 19,297	12,992
Regulatory capital adjustments:		
CECL transitional amount (1)	437	453
Shareholders' preferred equity and related surplus	(2,177)	(2,196)
Accumulated other comprehensive loss (income) offset	230	(192)
Goodwill and other intangibles, net of taxes	(5,484)	(2,107)
Deferred tax assets that arise from tax loss and credit carryforwards	(54)	(63)
CET 1 capital	12,249	8,887
Additional tier 1 capital		
Shareholders' preferred equity and related surplus	2,177	2,196
Tier 1 capital	14,426	11,083
Long-term debt and other tier 2 qualifying instruments	1,539	660
Qualifying allowance for loan and lease losses	1,281	1,113
Total risk-based capital	$ 17,246	$ 12,856
RWA	$ 131,266	$ 88,878
CET 1 risk-based capital ratio	9.33 %	10.00 %
Other regulatory capital data:		
Tier 1 risk-based capital ratio	10.99	12.47
Total risk-based capital ratio	13.14	14.46
Tier 1 leverage ratio	8.56	9.32

(1) Reflects Huntington's election of a five-year transition of CECL on regulatory capital. The CECL transitional amount includes the impact of Huntington's adoption of the CECL accounting standard on January 1, 2020 and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL, excluding the allowance established at acquisition for purchased credit deteriorated loans.

Table 22 - Capital Adequacy—Non-Regulatory (Non-GAAP)

(dollar amounts in millions)	At December 31, 2021	At December 31, 2020
Consolidated capital calculations:		
Total shareholders' equity	$ 19,297	$ 12,993
Goodwill and other intangible assets	(5,591)	(2,181)
Deferred tax liability on other intangible assets (1)	51	40
Total tangible equity	13,757	10,852
Preferred equity	(2,167)	(2,191)
Total tangible common equity	$ 11,590	$ 8,661
Total assets	$ 174,064	$ 123,038
Goodwill and other intangible assets	(5,591)	(2,181)
Deferred tax liability on other intangible assets (1)	51	40
Total tangible assets	$ 168,524	$ 120,897
Tangible equity / tangible asset ratio	8.16 %	8.98 %
Tangible common equity / tangible asset ratio	6.88	7.16
Tangible common equity / RWA ratio	8.83	9.74

(1) Deferred tax liability related to other intangible assets is calculated at a 21% tax rate.

The following table presents certain regulatory capital data at both the consolidated and Bank levels for each of the periods presented:

Table 23 - Regulatory Capital Data (1)

(dollar amounts in millions)		Basel III At December 31, 2021	2020
Total risk-weighted assets	Consolidated	$ 131,266	$ 88,878
	Bank	130,597	88,601
CET 1 risk-based capital	Consolidated	12,249	8,887
	Bank	13,261	9,438
Tier 1 risk-based capital	Consolidated	14,426	11,083
	Bank	14,445	10,601
Tier 2 risk-based capital	Consolidated	2,821	1,774
	Bank	1,982	1,431
Total risk-based capital	Consolidated	17,246	12,856
	Bank	16,427	12,032
CET 1 risk-based capital ratio	Consolidated	9.33 %	10.00 %
	Bank	10.15	10.65
Tier 1 risk-based capital ratio	Consolidated	10.99	12.47
	Bank	11.06	11.97
Total risk-based capital ratio	Consolidated	13.14	14.46
	Bank	12.58	13.58
Tier 1 leverage ratio	Consolidated	8.56	9.32
	Bank	8.60	8.94

(1) Capital ratios reflect Huntington's election of a five-year transition of CECL on regulatory capital. 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 December 31, 2021, we maintained Basel III capital ratios in excess of the well-capitalized standards established by the FRB. The decrease in regulatory capital ratios was driven by the repurchase of $650 million of common stock during 2021 and cash dividends, partially offset by earnings. 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 other intangibles, as both are deducted from capital in the ratio calculation. The change in regulatory Tier 1 risk-based capital and total risk-based capital ratios for 2021 also reflect the issuance of $500 million of Series H preferred stock and the issuance of $175 million of Series I preferred stock resulting from the conversion of TCF preferred stock, partially offset by the redemption of $600 million of Series D preferred stock and $100 million of Series C preferred stock. Additionally, the total risk-based capital ratio reflects the issuance of $558 million of subordinated notes in 2021.

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 appetite 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 $19.3 billion at December 31, 2021 an increase of $6.3 billion or 49% when compared with December 31, 2020, primarily due to the $7.2 billion of equity issued in conjunction with the acquisition of TCF.

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 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.

On July 15, 2021, all 24,000,000 outstanding depositary shares, each representing 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.

On October 15, 2021, all 4,000,000 outstanding depositary shares, each representing a 1/40th interest in a share of Huntington’s 5.875% Series C Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, were redeemed.

We were notified by the FRB on August 5, 2021 that Huntington’s SCB requirement would be unchanged at 2.5%, which is the minimum under the SCB framework. Huntington is authorized to make capital distributions that are consistent with the requirements in the FRB's capital rule, inclusive of the 2.5% SCB requirement.

Dividends

We consider disciplined capital management as a key objective, with dividends representing one component. Our strong capital positions 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 our Board 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.

On July 21, 2021, our Board authorized the repurchase of up to $800 million of common shares within the four quarter period from the third quarter of 2021 through the second quarter of 2022. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs. During the 2021, Huntington repurchased a total of $650 million of common stock, representing 43.1 million common shares, at a weighted average price of $15.07.

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: Commercial Banking, Consumer and Business 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 2020 versus 2019, see “Part II, Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations” Business Segment Discussion included in our 2020 Form 10-K, filed with the SEC on February 26, 2021.

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 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 past three years is presented in the following table:

Table 24 - Net Income (Loss) by Business Segment

	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Commercial Banking	$ 798	$ 78	$ 553
Consumer and Business Banking	$ 308	$ 270	$ 635
Vehicle Finance	319	120	172
RBHPCG	55	85	113
Treasury / Other	(185)	264	(62)
Net income	$ 1,295	$ 817	$ 1,411

Commercial Banking

Table 25 - Key Performance Indicators for Commercial Banking

(dollar amounts in millions unless otherwise noted)	Year Ended December 31, 2021	2020	Change from 2020 Amount	Percent	2019
Net interest income	$ 1,284	$ 903	$ 381	42 %	$ 1,037
Provision for credit losses	4	626	(622)	(99)	132
Noninterest income	523	364	159	44	359
Noninterest expense	791	542	249	46	564
Provision for income taxes	212	21	191	910	147
Income attributable to non-controlling interest	2	—	2	100	—
Net income	$ 798	$ 78	$ 720	923 %	$ 553
Number of employees (average full-time equivalent)	1,754	1,276	478	37 %	1,317
Total average assets	$ 44,427	$ 35,490	$ 8,937	25	$ 33,843
Total average loans/leases	38,092	27,234	10,858	40	27,151
Total average deposits	29,351	23,321	6,030	26	21,072
Net interest margin	3.15 %	3.04 %	0.11 %	4	3.49 %
NCOs	$ 119	$ 302	$ (183)	(61)	$ 93
NCOs as a % of average loans and leases	0.31 %	1.11 %	(0.80)%	(72)	0.34 %

Commercial Banking reported net income of $798 million in 2021, an increase of $720 million, compared to the year ago period. Segment net interest income increased $381 million, or 42%, primarily due to an increase in average loans and leases reflecting the impact of the TCF acquisition and an 11 basis point increase in net interest margin driven by an increase in loan spread inclusive of purchase accounting accretion, partially offset by the continued decline in the benefit of deposits. The provision for credit losses decreased $622 million, or 99%, 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 $159 million, or 44%, reflecting the impact of the TCF acquisition, purchase accounting accretion from acquired unfunded loan commitments, an increase in capital markets fees reflecting an increase in market activity and improvement in business conditions, increased mezzanine investment income and an increase in leasing revenue reflecting higher gains on terminations and sales. Noninterest expense increased $249 million, or 46%, primarily due to personnel expense and lease financing equipment depreciation as a result of the TCF acquisition.

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Consumer and Business Banking

Table 26 - Key Performance Indicators for Consumer and Business Banking

(dollar amounts in millions unless otherwise noted)	Year Ended December 31, 2021	2020	Change from 2020 Amount	Percent	2019
Net interest income	$ 1,667	$ 1,436	$ 231	16 %	$ 1,766
Provision for credit losses	91	265	(174)	(66)	114
Noninterest income	1,045	945	100	11	825
Noninterest expense	2,231	1,774	457	26	1,673
Provision for income taxes	82	72	10	14	169
Net income	$ 308	$ 270	$ 38	14 %	$ 635
Number of employees (average full-time equivalent)	9,211	7,908	1,303	16 %	8,000
Total average assets	$ 36,617	$ 28,853	$ 7,764	27	$ 25,411
Total average loans/leases	31,436	25,453	5,983	24	22,130
Total average deposits	81,289	56,960	24,329	43	51,645
Net interest margin	2.02 %	2.48 %	(0.46)%	(19)	3.37 %
NCOs	$ 96	$ 102	$ (6)	(6)	$ 128
NCOs as a % of average loans and leases	0.31 %	0.40 %	(0.09)%	(23)	0.58 %

Consumer and Business Banking, including Home Lending, reported net income of $308 million in 2021, an increase of $38 million, or 14%, compared with net income of $270 million in 2020. Segment net interest income increased $231 million, or 16%, primarily due to an increase in average loans and leases reflecting the impact of the TCF acquisition and PPP revenue, partially offset by a 46 basis point decrease in net interest margin driven by a decrease in loan margin and the continued decline in the benefit of deposits. The provision for credit losses decreased $174 million, or 66%, 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 $100 million, or 11%, primarily due to higher interchange income and service charge income resulting from the TCF acquisition in addition to reduced customer activity and fee-waivers as a result of the pandemic in the beginning of the prior year period and a gain from branch divestiture, partially offset by decreased mortgage banking income. Noninterest expense increased $457 million, or 26%, primarily due to the impact of the TCF acquisition, in addition to increased allocated expense and personnel costs due to higher levels of production and origination volume.

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 $3 million in 2021, compared with $78 million in the prior year. Noninterest income decreased $93 million, driven primarily by decreased spreads on salable originations, partially offset by higher salable originations. Noninterest expense increased $42 million due primarily to higher personnel expense as a result of the TCF acquisition and higher origination volumes.

Vehicle Finance

Table 27 - Key Performance Indicators for Vehicle Finance

	Year Ended December 31,		Change from 2020		
(dollar amounts in millions unless otherwise noted)	2021	2020	Amount	Percent	2019
Net interest income	$ 468	$ 430	$ 38	9 %	$ 397
Provision for credit losses	(86)	146	(232)	(159)	44
Noninterest income	13	9	4	44	12
Noninterest expense	163	141	22	16	148
Provision for income taxes	85	32	53	166	45
Net income	$ 319	$ 120	$ 199	166 %	$ 172
Number of employees (average full-time equivalent)	262	266	(4)	(2)%	265
Total average assets	$ 19,787	$ 19,760	$ 27	—	$ 19,393
Total average loans/leases	20,028	19,939	89	—	19,466
Total average deposits	1,161	653	508	78	333
Net interest margin	2.33 %	2.15 %	0.18 %	8	2.04 %
NCOs	$ (1)	$ 45	$ (46)	(102)	$ 43
NCOs as a % of average loans and leases	— %	0.23 %	(0.23)%	(100)	0.22 %

Vehicle Finance reported net income of $319 million in 2021, an increase of $199 million, or 166%, compared with net income of $120 million in 2020. Segment net interest income increased $38 million or 9%, primarily due to an 18 basis point increase in the net interest margin. The provision for credit losses decreased $232 million to a benefit of $86 million, primarily due to strong credit performance and improvement in the economic outlook as compared to the year ago period. Noninterest income increased $4 million, or 44%, primarily due to increases in fee income from commercial relationships. Noninterest expense increased $22 million, or 16%, primarily attributable to higher production related costs.

Regional Banking and The Huntington Private Client Group

Table 28 - Key Performance Indicators for Regional Banking and The Huntington Private Client Group

	Year Ended December 31,		Change from 2020		
(dollar amounts in millions unless otherwise noted)	2021	2020	Amount	Percent	2019
Net interest income	$ 159	$ 160	$ (1)	(1)%	$ 198
Provision for credit losses	16	11	5	45	(3)
Noninterest income	227	201	26	13	198
Noninterest expense	300	243	57	23	256
Provision for income taxes	15	22	(7)	(32)	30
Net income	$ 55	$ 85	$ (30)	(35)%	$ 113
Number of employees (average full-time equivalent)	1,071	1,018	53	5 %	1,057
Total average assets	$ 7,496	$ 6,845	$ 651	10	$ 6,438
Total average loans/leases	7,199	6,574	625	10	6,132
Total average deposits	8,187	6,531	1,656	25	5,983
Net interest margin	1.90 %	2.36 %	(0.46)%	(19)	3.18 %
NCOs	$ —	$ —	$ —	—	$ 1
NCOs as a % of average loans and leases	— %	0.01 %	(0.01)%	(100)	0.02 %
Total assets under management *(in billions)—eop*	$ 25.2	$ 19.8	$ 5.4	27	$ 17.5
Total trust assets *(in billions)—eop*	135.7	123.0	12.7	10	121.8

eop—End of Period.

RBHPCG reported net income of $55 million in 2021, a decrease of $30 million, or 35%, compared with a net income of $85 million in 2020. Segment net interest income decreased $1 million, or 1%, due to a 46 basis point decrease in net interest margin, largely driven by lower benefit in deposit spreads, partially offset by an increase in average loans and leases. Average loans and leases increased $625 million, or 10%, primarily due to an increase in residential real estate mortgage loans and the impact of the TCF acquisition. Average deposits increased $1.7 billion, or 25%, primarily related to higher customer liquidity levels and the impact of the acquired TCF deposit portfolio. Noninterest income increased $26 million, or 13%, reflecting higher sales production and overall market performance, and the impact of the TCF acquisition. 2020 included the sale of Retirement Plan Services recordkeeping and administrative services. Total assets under management increased 27% due to positive net asset flows, equity markets, and the impact of the TCF acquisition. Noninterest expense increased $57 million, or 23%, primarily due to the impact of the TCF acquisition and higher production related costs.

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 corporate administrative, acquisition-related expenses, if any, 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.

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 related variants and mutations and their 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; 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 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, 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 macroeconomic forecasts. Key external economic parameters that directly impact our loss modeling framework include forecasted 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 macroeconomic 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 increased COVID-19 morbidity and mortality rates. Additionally, consumer confidence declines with the resulting drop in consumer spending sending the economy back into recession in the first quarter of 2022. Under this scenario, as an example, the unemployment rate increases and remains elevated for a prolonged period, the rate is estimated at 8.7% and 7.1% at the end of 2022 and 2023, respectively. These numbers result in unemployment rates that are approximately 5.2% and 3.6% higher 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 December 31, 2021, management calculated the difference between our quantitative ACL and a 100% adverse scenario. Excluding consideration of general reserve adjustments, this sensitivity analysis would result in a hypothetical increase in our ACL of approximately $1.2 billion at December 31, 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 our general reserve and associated risk profile components 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 5 - "Loans / Leases" and Note 6 - "Allowance for Credit Losses" of the Notes to 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 more information, see Note 3 - "Acquisition of TCF Financial Corporation" 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.

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 19 - "Fair Value of Assets and Liabilities" of the Notes to 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.

Recent Accounting Pronouncements and Developments

Note 2 - "Accounting Standards Update" of the Notes to Consolidated Financial Statements discusses new accounting pronouncements adopted during 2021 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 (PCAOB ID 238), Consolidated Financial Statements and Notes to Consolidated Financial Statements, which is incorporated by reference into this item. The selected quarterly financial data is no longer required. There were no material retrospective changes to any quarters in the two most recent fiscal years that would require this disclosure.

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 2021, 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, 2021. 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, 2021, 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, 2021 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 18, 2022

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, 2021 and 2020, 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, 2021, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 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, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 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 matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of the General Reserve of the Allowance for Credit Losses

As described in Notes 1 and 6 to the consolidated financial statements, management's estimate of the allowance for credit losses of $2.1 billion as of December 31, 2021 includes a general reserve that consists of various risk-profile reserve components. The risk-profile components consider items unique to the Company's structure, policies, processes, and portfolio composition, as well as 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 of the allowance for credit losses is a critical audit matter are (i) the significant judgment by management when determining the general reserve, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to the methodology and assumptions used to determine the general reserve, and (ii) the audit effort involved the use 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 related to the valuation of the general reserve of the allowance for credit losses. These procedures also included, among others, testing management's process for determining the general reserve, including evaluating the appropriateness of management's methodology, testing the completeness and accuracy of data utilized by management and evaluating the reasonableness of assumptions relating to the general reserve. Evaluating management's assumptions related to the general reserve 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 and assumptions related to the general reserve.

Valuation of Certain Acquired Loans

As described in Note 3 to the consolidated financial statements, during 2021 the Company acquired TCF Financial Corporation. In conjunction with the acquisition, the Company acquired commercial real estate and residential mortgage loans that were recorded at fair value of $7.9 billion and $6.3 billion, respectively. To determine the fair value of acquired loans, management used a discounted cash flow methodology which considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term, amortization status, current discount rates, and a reduction in estimated cash flows for credit losses.

The principal considerations for our determination that performing procedures relating to the valuation of certain acquired loans is a critical audit matter are (i) the high degree of auditor effort in performing procedures and evaluating audit evidence relating to the discount rates and credit loss assumptions used to determine the fair value for the commercial real estate and residential mortgage loans, and (ii) the audit effort involved the use 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 the valuation of acquired loans, including controls over the discount rates and credit loss assumptions used to determine the fair value. These procedures also included, among others, testing the completeness and accuracy of data provided by management and the involvement of professionals with specialized skill and knowledge to assist in (i) testing management’s process to determine the fair value of certain acquired loans, including evaluating the appropriateness of the discounted cash flow methodology and the reasonableness of the assumptions related to the discount rates and credit loss assumptions, and (ii) developing independent ranges of fair value for certain acquired loans and comparing the independent ranges to management’s estimate to evaluate the reasonableness of management’s estimate. Developing the independent ranges of fair value involved independently developing the discount rates and credit loss assumptions.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Columbus, Ohio
February 18, 2022
We have served as the Company’s auditor since 2015.

Huntington Bancshares Incorporated
Consolidated Balance Sheets

(dollar amounts in millions)	December 31, 2021	December 31, 2020
Assets		
Cash and due from banks	$ 1,811	$ 1,319
Interest-bearing deposits at Federal Reserve Bank	3,711	5,276
Interest-bearing deposits in banks	392	117
Trading account securities	46	62
Available-for-sale securities	28,460	16,485
Held-to-maturity securities	12,447	8,861
Other securities	648	418
Loans held for sale (includes $1,270 and $1,198 respectively, measured at fair value)(1)	1,676	1,275
Loans and leases (includes $171 and $94 respectively, measured at fair value)(1)	111,920	81,608
Allowance for loan and lease losses	(2,030)	(1,814)
Net loans and leases	109,890	79,794
Bank owned life insurance	2,765	2,577
Premises and equipment	1,164	757
Goodwill	5,349	1,990
Servicing rights and other intangible assets	611	428
Other assets	5,094	3,679
Total assets	$ 174,064	$ 123,038
Liabilities and shareholders' equity		
Liabilities		
Deposits:		
Demand deposits—noninterest-bearing	$ 43,236	$ 28,553
Interest-bearing	100,027	70,395
Total deposits	143,263	98,948
Short-term borrowings	334	183
Long-term debt	7,108	8,352
Other liabilities	4,041	2,562
Total liabilities	154,746	110,045
Commitments and Contingent Liabilities (Note 22)		
Shareholders' equity		
Preferred stock	2,167	2,191
Common stock	14	10
Capital surplus	15,222	8,781
Less treasury shares, at cost	(79)	(59)
Accumulated other comprehensive (loss) gain	(229)	192
Retained earnings	2,202	1,878
Total Huntington Bancshares Inc shareholders' equity	19,297	12,993
Non-controlling interest	21	—
Total equity	19,318	12,993
Total liabilities and shareholders' equity	$ 174,064	$ 123,038
Common shares authorized (par value of $0.01)	2,250,000,000	1,500,000,000
Common shares outstanding	1,437,742,172	1,017,196,776
Treasury shares outstanding	6,298,288	5,062,054
Preferred stock, authorized shares	6,617,808	6,617,808
Preferred shares outstanding	557,500	750,500

(1) Amounts represent loans for which Huntington has elected the fair value option. See Note 19 "Fair Values of Assets and Liabilities".

See Notes to Consolidated Financial Statements

Huntington Bancshares Incorporated
Consolidated Statements of Income

(dollar amounts in millions, except per share data, share amounts in thousands)	Year Ended December 31, 2021	2020	2019
Interest and fee income:			
Loans and leases	$ 3,636	$ 3,085	$ 3,541
Available-for-sale securities			
Taxable	261	237	295
Tax-exempt	56	61	83
Held-to-maturity securities-taxable	174	215	218
Other securities-taxable	10	6	16
Other interest income	54	43	48
Total interest income	4,191	3,647	4,201
Interest expense			
Deposits	45	197	585
Short-term borrowings	1	13	54
Long-term debt	43	213	349
Total interest expense	89	423	988
Net interest income	4,102	3,224	3,213
Provision for credit losses	25	1,048	287
Net interest income after provision for credit losses	4,077	2,176	2,926
Service charges on deposit accounts	372	301	372
Card and payment processing income	334	248	246
Mortgage banking income	309	366	167
Trust and investment management services	232	189	178
Capital markets fees	151	125	123
Insurance income	105	97	88
Leasing revenue	99	21	19
Bank owned life insurance income	69	64	66
Gain on sale of loans	9	42	55
Net gains (losses) on sales of securities	9	(1)	(24)
Other noninterest income	200	139	164
Total noninterest income	1,889	1,591	1,454
Personnel costs	2,335	1,692	1,654
Outside data processing and other services	850	384	346
Net occupancy	277	158	159
Equipment	248	180	163
Professional services	113	55	54
Marketing	89	38	37
Deposit and other insurance expense	51	32	34
Amortization of intangibles	48	41	49
Lease financing equipment depreciation	41	1	4
Other noninterest expense	323	214	221
Total noninterest expense	4,375	2,795	2,721
Income before income taxes	1,591	972	1,659
Provision for income taxes	294	155	248
Income after income taxes	1,297	817	1,411
Income attributable to non-controlling interest	2	—	—
Net income attributable to Huntington Bancshares Inc	1,295	817	1,411
Dividends on preferred shares	131	100	74
Impact of preferred stock redemption	11	—	—
Net income applicable to common shares	$ 1,153	$ 717	$ 1,337
Average common shares—basic	1,262,435	1,017,117	1,038,840
Average common shares—diluted	1,286,733	1,032,683	1,056,079
Per common share:			
Net income—basic	$ 0.91	$ 0.71	$ 1.29
Net income—diluted	0.90	0.69	1.27

See Notes to Consolidated Financial Statements

Huntington Bancshares Incorporated
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Net income attributable to Huntington Bancshares Inc	$ 1,295	$ 817	$ 1,411
Other comprehensive income, net of tax:			
Total unrealized (losses) gains on available-for-sale securities	(341)	216	335
Change in fair value related to cash flow hedges	(105)	234	23
Translations adjustments, net of hedges	(3)	—	—
Change in accumulated unrealized gains (losses) for pension and other post-retirement obligations	28	(2)	(5)
Other comprehensive (loss) income, net of tax	(421)	448	353
Comprehensive income attributable to Huntington Bancshares	874	1,265	1,764
Comprehensive income attributed to non-controlling interest	2	—	—
Comprehensive income	$ 876	$ 1,265	$ 1,764

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	Treasury Stock		Accumulated Other Comprehensive	Retained		Non-controlling	Total
	Amount	Shares	Amount	Surplus	Shares	Amount	(Loss) Gain	Earnings	Total	Interest	Equity
Year Ended December 31, 2021											
Balance, beginning of year	$ 2,191	1,022,258	$ 10	$ 8,781	(5,062)	$ (59)	$ 192	$ 1,878	$ 12,993	$ —	$ 12,993
Net income								1,295	1,295	2	1,297
Other comprehensive (loss) income, net of tax							(421)		(421)		(421)
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
Non-controlling interest acquired										22	22
Net proceeds from issuance of Series H Preferred Stock	486								486		486
Redemption of preferred stock	(685)			(4)				(11)	(700)		(700)
Repurchases of common stock		(43,139)	—	(650)					(650)		(650)
Cash dividends declared:											
Common ($0.605 per share)								(826)	(826)		(826)
Preferred								(131)	(131)		(131)
Recognition of the fair value of share-based compensation				129					129		129
Other share-based compensation activity		6,750	(1)	(37)				—	(38)		(38)
Other				—	(1,236)	17		(3)	14	(3)	11
Balance, end of year	$ 2,167	1,444,040	$ 14	$ 15,222	(6,298)	$ (79)	$ (229)	$ 2,202	$ 19,297	$ 21	$ 19,318
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	$ —	$ 11,795
Cumulative-effect of change in accounting principle, net of tax								(306)	(306)		(306)
Net income								817	817	—	817
Other comprehensive income, net of tax							448		448		448
Net proceeds from issuance of preferred stock	988								988		988
Repurchases of common stock		(7,504)	—	(92)					(92)		(92)
Cash dividends declared:											
Common ($0.60 per share)								(621)	(621)		(621)
Preferred								(100)	(100)		(100)
Recognition of the fair value of share-based compensation				77					77		77
Other share-based compensation activity		5,372	—	(9)				—	(9)		(9)
Other		(151)	—	(1)	(525)	(3)		—	(4)		(4)
Balance, end of year	$ 2,191	1,022,258	$ 10	$ 8,781	(5,062)	$ (59)	$ 192	$ 1,878	$ 12,993	$ —	$ 12,993

(dollar amounts in millions, except per share data, share amounts in thousands)	Preferred Stock	Common Stock		Capital	Treasury Stock		Accumulated Other Comprehensive	Retained		Non-Controlling	Total
	Amount	Shares	Amount	Surplus	Shares	Amount	(Loss) Gain	Earnings	Total	Interest	Equity
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	$ —	$ 11,102
Net income								1,411	1,411		1,411
Other comprehensive income, net of tax							353		353		353
Repurchases of common stock		(31,494)	(1)	(440)					(441)		(441)
Cash dividends declared:											
Common ($0.58 per share)								(611)	(611)		(611)
Preferred								(74)	(74)		(74)
Recognition of the fair value of share-based compensation				83					83		83
Other share-based compensation activity		5,451	—	(18)					(18)		(18)
Other		—	—	—	(720)	(11)		1	(10)		(10)
Balance, end of year	$ 1,203	1,024,541	$ 10	$ 8,806	(4,537)	$ (56)	$ (256)	$ 2,088	$ 11,795	$ —	$ 11,795

See Notes to Consolidated Financial Statements

Huntington Bancshares Incorporated
Consolidated Statements of Cash Flows

(dollar amounts in millions)	Year Ended December 31, 2021	2020	2019
Operating activities			
Net income	$ 1,297	$ 817	$ 1,411
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for credit losses	25	1,048	287
Depreciation and amortization	391	367	386
Share-based compensation expense	129	77	83
Deferred income tax expense (benefit)	(76)	(93)	23
Net change in:			
Trading account securities	16	37	(32)
Loans held for sale	(56)	(534)	(214)
Other assets	366	(1,077)	(593)
Other liabilities	27	683	194
Other, net	(57)	(2)	29
Net cash provided by (used in) operating activities	2,062	1,323	1,574
Investing activities			
Change in interest bearing deposits in banks	716	(81)	(112)
Net cash received from business acquisition	466	—	—
Proceeds from:			
Maturities and calls of available-for-sale securities	7,275	5,697	2,124
Maturities and calls of held-to-maturity securities	4,151	3,042	1,021
Sales of available-for-sale securities	5,892	392	3,903
Purchases of available-for-sale securities	(19,936)	(11,104)	(6,036)
Purchases of held-to-maturity securities	(4,777)	—	(1,519)
Net proceeds from sales of portfolio loans and leases	517	1,113	1,049
Principal payments received under direct finance and sales-type leases	1,055	704	714
Net loan and lease activity, excluding sales and purchases	2,650	(6,844)	(2,149)
Purchases of premises and equipment	(247)	(119)	(107)
Purchases of loans and leases	(1,197)	(1,506)	(445)
Net cash paid for branch disposition	(618)	—	(548)
Other, net	91	67	228
Net cash provided by (used in) investing activities	(3,962)	(8,639)	(1,877)
Financing activities			
Increase (decrease) in deposits	6,501	16,601	(1,702)
(Decrease) Increase in short-term borrowings	(1,245)	(2,373)	586
Net proceeds from issuance of long-term debt	775	1,386	1,796
Maturity/redemption of long-term debt	(3,404)	(3,052)	(743)
Dividends paid on preferred stock	(138)	(84)	(74)
Dividends paid on common stock	(750)	(614)	(597)
Repurchases of common stock	(650)	(92)	(441)
Payment to repurchase preferred stock	(700)	—	—
Net proceeds from issuance of preferred stock	486	988	—
Other, net	(48)	(19)	(24)
Net cash provided by (used for) financing activities	827	12,741	(1,199)
Increase (decrease) in cash and cash equivalents	(1,073)	5,425	(1,502)
Cash and cash equivalents at beginning of period	6,595	1,170	2,672
Cash and cash equivalents at end of period	$ 5,522	$ 6,595	$ 1,170

(dollar amounts in millions)	Year Ended December 31, 2021	2020	2019
Supplemental disclosures:			
Interest paid	$ 185	$ 453	$ 989
Income taxes paid	269	81	111
Non-cash activities			
Loans transferred to held-for-sale from portfolio	872	1,139	963
Loans transferred to portfolio from held-for-sale	102	53	19
Transfer of securities from available-for-sale to held-to-maturity	3,007	2,842	—
Business Combination			
Fair value of tangible assets acquired	46,256	—	—
Goodwill and other intangible assets	3,516	—	—
Liabilities assumed	42,567	—	—
Preferred stock issued in business combination	185	—	—
Common Stock issued in business combination	6,998	—	—

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 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. Huntington's full-service branches and private client group offices are primarily located in Ohio, Colorado, Illinois, Indiana, Kentucky, Michigan, Minnesota, 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.

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. Renewal options for leases are at the option of the lessee, and are typically not included in the measurement of the lease receivable 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. 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. 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.

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. 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 commercial loan and lease portfolio 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 generally fully charged-off at 120-days past due, and if not fully charged-off are placed on non-accrual. 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 is reversed and charged against 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 commercial loan and lease portfolio, 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 an ACL on its loan and lease portfolio, held-to-maturity securities as well as on available-for-sale securities. The ACL 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 ACL 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 ACL 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 macroeconomic environments. The contractual terms of financial assets are adjusted for expected prepayments and any extensions outside of Huntington's control.

The ACL 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.

*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.

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.

Commercial loans and leases 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. 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.

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. Accounting for changes in fair value of derivatives depends on whether the derivative is designated and qualifies in a hedging relationship. At inception a derivative contract can be designated as:

- 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 qualifying hedge of Huntington's investment in non-U.S. dollar functional currency entities (net investment 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 that have been designated as net investment hedges are recorded in other comprehensive income, net of income taxes, and reclassified into earnings during the period the foreign entity is substantially liquidated or other elements of the currency translation adjustment are reclassified into 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. Huntington typically assesses effectiveness using statistical regression at inception and on an ongoing 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, cash flows or changes in net investment 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 by the end of the originally specified time period;
- 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, cash flow or net investment hedge, the derivative continues to be carried on the balance sheet at fair value and changes in fair value will be recorded in current period earnings unless re-designated.

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 forecasted transaction, as long as the forecasted transaction remains probable the balance applicable to the discontinued hedging relationship will be recognized in earnings over the periods where the hedged cash flows are recorded in earnings. If the forecasted transaction is not expected to occur, any amounts recorded in accumulated other comprehensive income are immediately reclassified to current period earnings.

In the case of a discontinued net investment hedge as long as Huntington holds the net investment in the entity, the change in fair value will no longer be recorded in other comprehensive income. The cumulative balance recorded in accumulated comprehensive income will be recognized in earnings when the entity is substantially liquidated.

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 by 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, leasing 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) taking into account retirement eligibility . 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) taking into account the retirement eligibility 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 25 - "Segment Reporting".

2. ACCOUNTING STANDARDS UPDATE

Accounting standards yet to be adopted

Standard	Summary of guidance	Effects on financial statements
ASU 2021-08- Business Combinations (Topic 805) Issued October 2021	• The amendments in this update require that an acquirer apply topic 606 to the recognition and measurement of revenue contract assets and liabilities acquired in a business combination.	• Effective for fiscal years ending after December 15, 2022, including interim periods within those fiscal years. • Adoption of the ASU will be applied prospectively to all business combinations occurring after the adoption date, with early adoption permitted. An entity that elects to early adopt in an interim period should retroactively adjust for any business combinations that occurred during the annual period of adoption, this includes the interim period. • The update is not expected to have a material impact on Huntington's Consolidated financial statements.

3. 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 brought increased scale and market density, as well as added new markets and capabilities.

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. The determination of estimated fair value required management to make assumptions related to discount rates, expected future cash flows, market conditions and other future events that are highly subjective in nature and may require adjustments, which can be subject to adjustment for up to one year after June 9, 2021. As of December 31, 2021, management completed its review of information relating to events or circumstances existing at the acquisition date.

The following table provides the 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:		
Residential mortgage	6,267	6,273
Automobile	322	317
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)		1,082
Total liabilities		42,567
Non-controlling interest		22
Net assets acquired		$ 3,824
Consideration:		
Fair value of common stock issued		$ 6,998
Fair value of preferred stock exchange		185
Total consideration		$ 7,183
Goodwill (1)		$ 3,359

(1) Includes a measurement period adjustment for final tax positions related to the TCF acquisition which increased other liabilities and goodwill by $33 million.

In connection with the acquisition, the Company recorded approximately $3.4 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 8 "Goodwill and Other Intangible Assets" of the Notes to 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 are 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 are 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 are 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.

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 year ended December 31, 2021 includes 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 conversions of TCF systems occurring throughout 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 $701 million for the year ended December 31, 2021. 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 Year Ended December 31,	
(dollar amounts in millions)	2021	2020
Net interest income	$ 4,713	$ 4,774
Noninterest income	2,112	2,127
Net income attributable to Huntington Bancshares Inc	1,624	834

Branch divestiture: In September 2021, Huntington completed the divestiture of 14 branches acquired in the acquisition of TCF and certain related assets and deposit liabilities to Horizon Bank, to satisfy regulatory requirements in connection with the acquisition. Total deposits and loans that were divested to Horizon Bank for the transaction were $847 million and $209 million, respectively.

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, 2021 and 2020:

		Unrealized		
(dollar amounts in millions)	Amortized Cost (1)	Gross Gains	Gross Losses	Fair Value
December 31, 2021				
Available-for-sale securities:				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	4,649	40	(40)	4,649
Residential MBS	15,533	135	(160)	15,508
Commercial MBS	1,896	7	(38)	1,865
Other agencies	248	1	(1)	248
Total U.S. Treasury, federal agency and other agency securities	22,331	183	(239)	22,275
Municipal securities	3,497	62	(33)	3,526
Private-label CMO	106	1	(1)	106
Asset-backed securities	385	1	(4)	382
Corporate debt	2,183	22	(38)	2,167
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 28,506	$ 269	$ (315)	$ 28,460
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 2,602	$ 35	$ (20)	$ 2,617
Residential MBS	7,475	41	(59)	7,457
Commercial MBS	2,175	45	(5)	2,215
Other agencies	193	5	—	198
Total federal agency and other agency securities	12,445	126	(84)	12,487
Municipal securities	2	—	—	2
Total held-to-maturity securities	$ 12,447	$ 126	$ (84)	$ 12,489
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 52	$ —	$ —	$ 52
Federal Reserve Bank stock	512	—	—	512
Equity securities	12	—	—	12
Other securities, at fair value				
Mutual funds	65	—	—	65
Equity securities	6	1	—	7
Total other securities	$ 647	$ 1	$ —	$ 648

(1) Amortized cost amounts excludes accrued interest receivable, which is recorded within other assets on the Consolidated Balance Sheets. At December 31, 2021, accrued interest receivable on available-for-sale securities and held-to-maturity securities totaled $62 million and $26 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 December 31, 2021 and 2020. Expected maturities may differ from contractual maturities as issuers may have the right to call or prepay obligations with or without incurring penalties.

	2021		2020	
(dollar amounts in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities:				
Under 1 year	$ 377	$ 374	$ 308	$ 304
After 1 year through 5 years	1,888	1,880	1,145	1,154
After 5 years through 10 years	3,166	3,180	1,607	1,654
After 10 years	23,075	23,026	13,115	13,373
Total available-for-sale securities	$ 28,506	$ 28,460	$ 16,175	$ 16,485
Held-to-maturity securities:				
Under 1 year	$ 2	$ 2	$ —	$ —
After 1 year through 5 years	162	164	160	169
After 5 years through 10 years	44	45	131	138
After 10 years	12,239	12,278	8,570	8,948
Total held-to-maturity securities	$ 12,447	$ 12,489	$ 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 December 31, 2021 and 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
December 31, 2021						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	$ 2,925	$ (40)	$ —	$ —	$ 2,925	$ (40)
Residential MBS	13,491	(160)	—	—	13,491	(160)
Commercial MBS	1,251	(38)	—	—	1,251	(38)
Other agencies	140	(1)	—	—	140	(1)
Total federal agency and other agency securities	17,807	(239)	—	—	17,807	(239)
Municipal securities	859	(22)	319	(11)	1,178	(33)
Private-label CMO	78	(1)	—	—	78	(1)
Asset-backed securities	237	(4)	—	—	237	(4)
Corporate debt	1,766	(38)	—	—	1,766	(38)
Total temporarily impaired available-for-sale securities	$ 20,747	$ (304)	$ 319	$ (11)	$ 21,066	$ (315)
Held-to-maturity securities:						
Federal agencies:						
Residential CMO	$ 1,453	$ (20)	$ —	$ —	$ 1,453	$ (20)
Residential MBS	5,837	(59)	—	—	5,837	(59)
Commercial MBS	318	(5)	—	—	318	(5)
Total federal agency and other agency securities	7,608	(84)	—	—	7,608	(84)
Total temporarily impaired securities	$ 7,608	$ (84)	$ —	$ —	$ 7,608	$ (84)

(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)
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 2021, Huntington transferred a total of $3.0 billion of securities from the AFS portfolio to the HTM portfolio. At the time of the transfers, AOCI included a combined total of $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 December 31, 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 $21.7 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 December 31, 2021 or December 31, 2020. At December 31, 2021, all HTM debt securities are considered AAA rated. In addition, there were no HTM debt securities considered past due at December 31, 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 December 31, 2021.

5. LOANS AND LEASES

The following table provides a detailed listing of Huntington's loan and lease portfolio at December 31, 2021 and December 31, 2020.

(dollar amounts in millions)	At December 31, 2021	2020
Commercial Loan and lease portfolio:		
Commercial and industrial	$ 41,688	$ 33,151
Commercial real estate	14,961	7,199
Lease financing	5,000	2,222
Total commercial loan and lease portfolio	61,649	42,572
Consumer loan portfolio:		
Residential mortgage	19,256	12,141
Automobile	13,434	12,778
Home equity	10,550	8,894
RV and marine	5,058	4,190
Other consumer	1,973	1,033
Total consumer loan portfolio	50,271	39,036
Total loans and leases (1)(2)	111,920	81,608
Allowance for loan and lease losses	(2,030)	(1,814)
Net loans and leases	$ 109,890	$ 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 $(111) million and $171 million at December 31, 2021 and 2020, respectively.

(2) The total amount of accrued interest recorded for these loans and leases at December 31, 2021, was $148 million and $150 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 December 31, 2021 and December 31, 2020:

(dollar amounts in millions)	At December 31, 2021	2020
Lease payments receivable	$ 4,620	$ 1,737
Estimated residual value of leased assets	774	664
Gross investment in lease financing receivables	5,394	2,401
Deferred origination costs	36	21
Deferred fees, unearned income and other	(430)	(200)
Total lease financing receivables	$ 5,000	$ 2,222

The carrying value of residual values guaranteed was $473 million and $93 million as of December 31, 2021 and December 31, 2020, respectively. The future lease rental payments due from customers on sales-type and direct financing leases at December 31, 2021, totaled $4.6 billion and were due as follows: $0.8 billion in 2022, $0.7 billion in 2023, $0.7 billion in 2024, $0.8 billion in 2025, $0.7 billion in 2026, and $0.9 billion thereafter. Interest income recognized for these types of leases was $193 million, $106 million, and $108 million for the years 2021, 2020, and 2019 respectively.

Nonaccrual and Past Due Loans and Leases

The following table presents NALs by class at December 31, 2021 and 2020:

(dollar amounts in millions)	December 31, 2021 Nonaccrual loans with no ACL	December 31, 2021 Total nonaccrual loans	December 31, 2020 Nonaccrual loans with no ACL	December 31, 2020 Total nonaccrual loans
Commercial and industrial	$ 81	$ 370	$ 69	$ 349
Commercial real estate	80	104	8	15
Lease financing	3	48	—	4
Residential mortgage	—	111	—	88
Automobile	—	3	—	4
Home Equity	—	79	—	70
RV and marine	—	1	—	2
Total nonaccrual loans and leases	$ 164	$ 716	$ 77	$ 532

The amount of interest that would have been recorded under the original terms for total NAL loans was $40 million, $33 million, and $26 million for 2021, 2020, and 2019, respectively. The total amount of interest recorded to interest income for NAL loans was $10 million, $6 million, and $9 million in 2021, 2020, and 2019, respectively.

The following table presents an aging analysis of loans and leases, by class at December 31, 2021 and 2020:

	December 31, 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	$ 72	$ 69	$ 107	$ 248	$ 41,440	$ —	$ 41,688	$ 13	(2)
Commercial real estate	9	1	9	19	14,942	—	14,961	—	
Lease financing	39	13	17	69	4,931	—	5,000	11	(3)
Residential mortgage	151	49	233	433	18,653	170	19,256	157	(4)
Automobile	79	18	8	105	13,329	—	13,434	6	
Home equity	48	35	76	159	10,390	1	10,550	17	
RV and marine	14	4	3	21	5,037	—	5,058	3	
Other consumer	13	2	3	18	1,955	—	1,973	3	
Total loans and leases	$ 425	$ 191	$ 456	$ 1,072	$ 110,677	$ 171	$ 111,920	$ 210	

	December 31, 2020								
	Past Due (1)(4)								
(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)
Residential mortgage	114	38	194	346	11,702	93	12,141	132	(4)
Automobile	84	22	12	118	12,660	—	12,778	9	
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) Amounts include PPP and other SBA loans and leases.
(3) Amounts include Huntington Technology Finance administrative lease delinquencies.
(4) Amounts include mortgage loans insured by U.S. government agencies.
(5) 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.

Credit Quality Indicators

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.

The following table presents the amortized cost basis of loans and leases by vintage and credit quality indicator at December 31, 2021 and 2020 respectively:

	As of December 31, 2021								
	Term Loans Amortized Cost Basis by Origination Year								
(dollar amounts in millions)	2021	2020	2019	2018	2017	Prior	Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total
Commercial and industrial									
Credit Quality Indicator (1):									
Pass	$ 15,435	$ 5,677	$ 3,682	$ 1,983	$ 1,080	$ 1,134	$ 9,945	$ 3	$ 38,939
OLEM	183	178	87	83	38	73	166	—	808
Substandard	336	203	344	206	125	167	552	—	1,933
Doubtful	5	1	1	1	—	—	—	—	8
Total Commercial and industrial	$ 15,959	$ 6,059	$ 4,114	$ 2,273	$ 1,243	$ 1,374	$ 10,663	$ 3	$ 41,688
Commercial real estate									
Credit Quality Indicator (1):									
Pass	$ 4,144	$ 2,367	$ 2,593	$ 1,456	$ 761	$ 1,124	$ 798	$ —	$ 13,243
OLEM	76	48	42	83	73	19	—	—	341
Substandard	224	362	448	115	151	46	30	—	1,376
Doubtful	—	—	—	1	—	—	—	—	1
Total Commercial real estate	$ 4,444	$ 2,777	$ 3,083	$ 1,655	$ 985	$ 1,189	$ 828	$ —	$ 14,961
Lease financing									
Credit Quality Indicator (1):									
Pass	$ 1,851	$ 1,441	$ 809	$ 417	$ 226	$ 131	$ —	$ —	$ 4,875
OLEM	8	32	12	4	2	—	—	—	58
Substandard	6	23	19	2	9	8	—	—	67
Total Lease financing	$ 1,865	$ 1,496	$ 840	$ 423	$ 237	$ 139	$ —	$ —	$ 5,000
Residential mortgage									
Credit Quality Indicator (2):									
750+	$ 5,532	$ 3,857	$ 978	$ 554	$ 687	$ 1,704	$ —	$ —	$ 13,312
650-749	1,862	993	409	269	254	1,028	—	—	4,815
<650	48	56	104	120	99	532	—	—	959
Total Residential mortgage	$ 7,442	$ 4,906	$ 1,491	$ 943	$ 1,040	$ 3,264	$ —	$ —	$ 19,086
Automobile									
Credit Quality Indicator (2):									
750+	$ 2,993	$ 1,927	$ 1,381	$ 666	$ 345	$ 129	$ —	$ —	$ 7,441
650-749	2,393	1,237	736	380	168	55	—	—	4,969
<650	380	234	178	128	70	34	—	—	1,024
Total Automobile	$ 5,766	$ 3,398	$ 2,295	$ 1,174	$ 583	$ 218	$ —	$ —	$ 13,434
Home Equity									
Credit Quality Indicator (2):									
750+	$ 645	$ 701	$ 32	$ 31	$ 34	$ 387	$ 4,772	$ 272	$ 6,874
650-749	129	94	15	13	13	161	2,324	324	3,073
<650	3	2	2	1	1	67	361	165	602
Total Home equity	$ 777	$ 797	$ 49	$ 45	$ 48	$ 615	$ 7,457	$ 761	$ 10,549
RV and marine									
Credit Quality Indicator (2):									
750+	$ 1,257	$ 933	$ 470	$ 468	$ 268	$ 319	$ —	$ —	$ 3,715
650-749	393	273	171	157	106	150	—	—	1,250
<650	6	11	13	18	18	27	—	—	93
Total RV and marine	$ 1,656	$ 1,217	$ 654	$ 643	$ 392	$ 496	$ —	$ —	$ 5,058
Other consumer									
Credit Quality Indicator (2):									
750+	$ 458	$ 125	$ 138	$ 50	$ 38	$ 97	$ 546	$ 3	$ 1,455
650-749	49	22	34	11	9	19	294	24	462
<650	2	2	5	2	—	1	27	17	56
Total Other consumer	$ 509	$ 149	$ 177	$ 63	$ 47	$ 117	$ 867	$ 44	$ 1,973

(dollar amounts in millions)	As of December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total
	2020	2019	2018	2017	2016	Prior			
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
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
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
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.

TDR Loans

In response to the COVID-19 pandemic, 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 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 which met the 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 $42 million, $46 million, and $52 million for 2021, 2020, and 2019, respectively. The total amount of actual interest recorded to interest income for these loans was $39 million, $43 million, and $49 million for 2021, 2020, and 2019, 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 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, 2021 and 2020.

	New Troubled Debt Restructurings (1)					
	Year Ended December 31, 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	76	$ 29	$ 25	$ —	$ —	$ 54
Commercial real estate	5	—	—	—	—	—
Residential mortgage	320	—	39	6	—	45
Automobile	2,442	—	16	4	—	20
Home equity	214	—	4	7	—	11
RV and marine	138	1	2	1	—	4
Other consumer	270	—	—	—	1	1
Total new TDRs	3,465	$ 30	$ 86	$ 18	$ 1	$ 135

	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
Residential mortgage	585	—	79	7	—	86
Automobile	3,018	—	29	6	—	35
Home equity	273	—	6	8	2	16
RV and marine	168	—	4	1	—	5
Other consumer	622	3	—	—	1	4
Total new TDRs	4,996	$ 3	$ 244	$ 22	$ 61	$ 330

(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 December 31, 2021 and 2020, these borrowings and advances are secured by $61.1 billion and $43.0 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.

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 Credit Losses - Roll-forward

The following table presents ACL activity by portfolio segment for the years ended December 31, 2021, 2020, and 2019:

(dollar amounts in millions)	Commercial	Consumer	Total
Year ended December 31, 2021:			
ALLL balance, beginning of period	$ 1,236	$ 578	$ 1,814
Loan and lease charge-offs (1)	(243)	(139)	(382)
Recoveries of loans and leases previously charged-off	83	84	167
Provision (benefit) for loan and lease losses	12	(13)	(1)
Allowance on PCD loans and leases at acquisition	374	58	432
ALLL balance, end of period	$ 1,462	$ 568	$ 2,030
AULC balance, beginning of period	$ 34	$ 18	$ 52
Provision for unfunded lending commitments	8	18	26
Unfunded lending commitment losses	(1)	—	(1)
AULC balance, end of period	$ 41	$ 36	$ 77
ACL balance, end of period	$ 1,503	$ 604	$ 2,107
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 (2)	180	211	391
Loan and lease charge-offs	(374)	(166)	(540)
Recoveries of loans and leases 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 (4)	(38)	40	2
Provision (benefit) for unfunded lending commitments	(17)	(24)	(41)
Unfunded lending 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 and lease charge-offs	(165)	(197)	(362)
Recoveries of loans and leases 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 for unfunded lending commitments	10	—	10
Unfunded lending commitment losses	(2)	—	(2)
AULC balance, end of period	$ 102	$ 2	$ 104
ACL balance, end of period	$ 654	$ 233	$ 887

(1) Net charge-offs and associated metrics for the year ended December 31, 2021 exclude $80 million of charge-offs recognized immediately upon completion of the TCF acquisition and related to required purchase accounting treatment.
(2) Relates to day one impact of the CECL adjustment as a result of the implementation of ASU 2016-13.

At December 31, 2021, the ACL was $2.1 billion, an increase of $241 million from the December 31, 2020 balance of $1.9 billion. The increase was primarily related to the TCF acquisition and associated allowance attributable to the acquired loans and leases and unfunded lending commitments, partially offset by improvement in the forecasted macroeconomic environment resulting from anticipated lower unemployment and higher GDP.

The economic scenarios used in the December 31, 2021 ACL determination contained significant judgmental assumptions. While we have incorporated estimates of economic uncertainty into our ACL, the ultimate impact the unprecedented levels of government fiscal and monetary actions will have on the economy, including inflation and our credit losses remains uncertain. Given the uncertainty associated with key economic scenario assumptions, the December 31, 2021 ACL included a general reserve that consists of various risk profile components, including profiles related to the commercial real estate portfolio, to capture economic uncertainty risk not addressed within the quantitative transaction reserve.

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, 2021, 2020, and 2019:

	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Residential mortgage loans sold with servicing retained	$ 9,702	$ 8,436	$ 4,841
Pretax gains resulting from above loan sales (1)	356	311	119

(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, 2021 and 2020 (1):

	Year Ended December 31,	
(dollar amounts in millions)	2021	2020
Fair value, beginning of period	$ 210	$ 7
Fair value election for servicing assets previously measured using the amortized method	—	205
Servicing assets obtained in acquisition	59	—
New servicing assets created	135	102
Change in fair value during the period due to:		
Time decay (1)	(15)	(9)
Payoffs (2)	(65)	(43)
Changes in valuation inputs or assumptions (3)	27	(52)
Fair value, end of period	$ 351	$ 210
Weighted-average life (years)	7.0	7.6

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

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 sensitive to movement in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which are impacted by the level of prepayments.

A summary of key assumptions and the sensitivity of the MSR value to changes in these assumptions at December 31, 2021, and December 31, 2020 follows:

	December 31, 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)*	12.28 %	$ (17)	$ (32)	17.36 %	$ (12)	$ (23)
Spread over forward interest rate swap rates	466 bps	(7)	(13)	519 bps	(4)	(8)

Total servicing, late and other ancillary fees included in mortgage banking income was $79 million, $64 million, and $63 million for the years ended December 31, 2021, 2020, and 2019, respectively. The unpaid principal balance of residential mortgage loans serviced for third parties was $31.0 billion, $23.5 billion, and $22.4 billion at December 31, 2021, 2020, and 2019, 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, 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	2,026	1,272	—	61	—	3,359
Balance, December 31, 2021	$ 3,419	$ 1,699	$ —	$ 231	$ —	$ 5,349

For additional information on the acquisition, refer to Note 2 “Acquisition of TCF Financial Corporation”.

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 2021 or 2020.

At December 31, 2021 and 2020, Huntington’s other intangible assets consisted of the following:

(dollar amounts in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
December 31, 2021			
Core deposit intangible	$ 389	$ (175)	$ 214
Customer relationship	108	(80)	28
Total other intangible assets	$ 497	$ (255)	$ 242
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 next five years is as follows:

(dollar amounts in millions)	Amortization Expense
2022	$ 53
2023	49
2024	45
2025	42
2026	28

9. PREMISES AND EQUIPMENT

Premises and equipment were comprised of the following at December 31, 2021 and 2020:

(dollar amounts in millions)	At December 31, 2021	2020
Land and land improvements	$ 335	$ 198
Buildings	807	586
Leasehold improvements	219	203
Equipment	852	736
Total premises and equipment	2,213	1,723
Less accumulated depreciation and amortization	(1,049)	(966)
Net premises and equipment	$ 1,164	$ 757

Depreciation and amortization charged to expense and rental income credited to net occupancy expense for the three years ended December 31, 2021, 2020, and 2019 were:

(dollar amounts in millions)	2021	2020	2019
Total depreciation and amortization of premises and equipment	$ 178	$ 119	$ 116
Rental income credited to net occupancy expense	9	10	11

10. OPERATING LEASES

At December 31, 2021, 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, 2021 and 2020 are as follows:

(dollar amounts in millions)	Classification	At December 31, 2021	2020
Assets			
Operating lease assets	Other assets	$ 316	$ 199
Liabilities			
Lease liabilities	Other liabilities	$ 441	$ 220

Net lease cost for the years ended December 31, 2021 and 2020 are as follows:

(dollar amounts in millions)	Classification	Year Ended December 31, 2021	2020
Operating lease cost	Net occupancy	$ 104	$ 50
Short-term lease cost	Net occupancy	3	1
Sublease income	Net occupancy	(2)	(2)
Net lease cost		$ 105	$ 49

Maturity of lease liabilities at December 31, 2021 are as follows:

(dollar amounts in millions)	Total
2022	$ 64
2023	63
2024	52
2025	43
2026	36
Thereafter	263
Total lease payments	$ 521
Less: Interest	(80)
Total lease liabilities	$ 441

Additional supplemental information related to the Company’s operating leases as of December 31, 2021 and 2020 are as follows:

	Year Ended December 31,	
(dollar amounts in millions)	2021	2020
Cash paid for amounts included in the measurement of lease liabilities for operating cash flows	$ (50)	$ (53)
Right-of-use assets obtained in exchange for lease obligations for operating leases	174	23
Weighted-average remaining lease term (years) for operating leases	11.24	7.17
Weighted-average discount rate for operating leases	3.87 %	4.26 %

11. BORROWINGS

Borrowings with original maturities of one year or less are classified as short-term and were comprised of the following at December 31, 2021 and 2020, respectively:

	At December 31,	
(dollar amounts in millions)	2021	2020
Federal funds purchased and securities sold under agreements to repurchase	$ 320	$ 71
Other borrowings	14	112
Total short-term borrowings	$ 334	$ 183

Huntington's long-term debt consisted of the following:

(dollar amounts in millions)	At December 31, 2021	2020
The Parent Company:		
Senior Notes:		
3.19% Huntington Bancshares Incorporated medium-term notes due 2021	$ —	$ 802
2.33% Huntington Bancshares Incorporated senior notes due 2022	—	699
2.67% Huntington Bancshares Incorporated senior notes due 2024	812	838
4.05% Huntington Bancshares Incorporated senior notes due 2025	527	553
2.60% Huntington Bancshares Incorporated senior notes due 2030	744	743
Subordinated Notes:		
3.55% Huntington Bancshares Incorporated subordinated notes due 2023	227	256
Huntington Capital I Trust Preferred 0.91% junior subordinated debentures due 2027 (1)	69	69
Huntington Capital II Trust Preferred 0.83% junior subordinated debentures due 2028 (2)	32	32
Sky Financial Capital Trust III 1.61% junior subordinated debentures due 2036 (3)	72	72
Sky Financial Capital Trust IV 1.61% junior subordinated debentures due 2036 (3)	74	74
2.54% Huntington Bancshares Incorporated subordinated notes due 2036	554	—
Camco Financial Statutory Trust I 1.57% due 2037	—	4
Total notes issued by the parent	3,111	4,142
The Bank:		
Senior Notes:		
0.79% Huntington National Bank senior notes due 2021	—	298
3.33% Huntington National Bank senior notes due 2021	—	752
2.55% Huntington National Bank senior notes due 2022	703	710
3.16% Huntington National Bank senior notes due 2022	500	511
1.83% Huntington National Bank senior notes due 2023	483	489
3.60% Huntington National Bank senior notes due 2023	748	773
Subordinated Notes:		
0.64% Huntington National Bank subordinated notes due 2022	113	—
0.96% Huntington National Bank subordinated notes due 2025	142	—
3.86% Huntington National Bank subordinated notes due 2026	226	233
3.03% Huntington National Bank subordinated notes due 2029	161	—
3.75% Huntington National Bank subordinated notes due 2030	169	—
Total notes issued by the bank	3,245	3,766
FHLB Advances:		
1.04% weighted average rate, varying maturities greater than one year	215	3
Other:		
Huntington Technology Finance nonrecourse debt, 3.15% weighted average interest rate, varying maturities	287	266
2.09% Huntington Preferred Capital II - Class F securities (4)	75	75
2.09% Huntington Preferred Capital II - Class G securities (4)	50	50
2.21% Huntington Preferred Capital II - Class I securities (5)	50	50
2.65% Huntington Preferred Capital II - Class J Securities (6)	75	—
Total long-term debt	$ 7,108	$ 8,352

(1) Variable effective rate at December 31, 2021, based on three-month LIBOR +0.70%
(2) Variable effective rate at December 31, 2021, based on three-month LIBOR +0.625%
(3) Variable effective rate at December 31, 2021, based on three-month LIBOR +1.40%
(4) Variable effective rate at December 31, 2021, based on three-month LIBOR +1.88%
(5) Variable effective rate at December 31, 2021, based on three-month LIBOR +2.00%
(6) Variable effective rate at December 31, 2021 based on three-month SOFR +2.60%

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 20 - "Derivative Financial Instruments" for more information regarding such financial instruments.

Long-term debt maturities for the next five years and thereafter are as follows:

(dollar amounts in millions)	2022	2023	2024	2025	2026	Thereafter	Total
The Parent Company:							
Senior notes	$ —	$ —	$ 800	$ 500	$ —	$ 750	$ 2,050
Subordinated notes	—	225	—	—	—	809	1,034
The Bank:							
Senior notes	1,198	1,202	—	—	—	—	2,400
Subordinated notes	110	—	—	130	239	300	779
FHLB Advances	1	1	—	200	—	1	203
Other	106	128	116	57	127	3	537
Total	$ 1,415	$ 1,556	$ 916	$ 887	$ 366	$ 1,863	$ 7,003

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, 2021, Huntington was in compliance with all such covenants.

12. OTHER COMPREHENSIVE INCOME

The components of Huntington's OCI for the years ended December 31, 2021, 2020, and 2019, were as follows:

(dollar amounts in millions)	Pretax	Tax (expense) benefit	After-tax
Year Ended December 31, 2021			
Unrealized (losses) gains on available-for-sale securities arising during the period	(474)	107	(367)
Less: Reclassification adjustment for realized net losses (gains) included in net income	34	(8)	26
Total unrealized (losses) gains on available-for-sale securities	(440)	99	(341)
Change in fair value related to cash flow hedges	(144)	39	(105)
Foreign currency translation adjustment (1)	(12)	—	(12)
Net unrealized gains (losses) on net investment hedges	9	—	9
Translation adjustments, net of hedges (1)	(3)	—	(3)
Change in accumulated unrealized gains (losses) for pension and other post-retirement obligations	36	(8)	28
Other comprehensive loss	(551)	130	(421)
Year Ended December 31, 2020			—
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
Total unrealized gains (losses) on available-for-sale securities	277	(61)	216
Change in fair value related to cash flow hedges	302	(68)	234
Change in accumulated unrealized (losses) gains for pension and other post-retirement obligations (2)	(3)	1	(2)
Other comprehensive income	576	(128)	448
Year Ended December 31, 2019			
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
Total unrealized gains (losses) on available-for-sale securities	429	(94)	335
Change in fair value related to cash flow hedges	26	(3)	23
Change in accumulated unrealized gains (losses) for pension and other post-retirement obligations	(7)	2	(5)
Other comprehensive income	448	(95)	353

(1) Foreign investments are deemed to be permanent in nature and, therefore, Huntington does not provide for taxes on foreign currency translation adjustments.

(2) Includes a settlement gain recognized in other noninterest income on the Consolidated Statements of Income.

Activity in accumulated OCI for the years ended December 31, 2021 and 2020 were as follows:

(dollar amounts in millions)	Unrealized (losses) gains on debt securities (1)	Change in fair value related to cash flow hedges	Translation adjustments, net of hedges	Unrealized (losses) gains 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
Other comprehensive income before reclassifications	(367)	(105)	(3)	—	(475)
Amounts reclassified from accumulated OCI to earnings	26	—	—	28	54
Period change	(341)	(105)	(3)	28	(421)
December 31, 2021	$ (153)	$ 152	$ (3)	$ (225)	$ (229)

(1) AOCI amounts at December 31, 2021, 2020, and 2019 include $35 million, $69 million and $121 million, respectively, of net 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.

13. SHAREHOLDERS' EQUITY

The following is a summary of Huntington's non-cumulative, non-voting, perpetual preferred stock outstanding as of December 31, 2021.

(dollar amounts in millions)					Carrying Amount	
Series	Issuance Date	Shares Outstanding	Dividend Rate	Earliest Redemption Date (1)	December 31, 2021	December 31, 2020
Series B (2)	12/28/2011	35,500	3-mo. LIBOR + 270 bps	1/15/2017	$ 23	$ 23
Series D	3/21/2016	—	6.25 %	4/15/2021	—	386
Series D	5/5/2016	—	6.25	4/15/2021	—	199
Series C	8/16/2016	—	5.875	10/15/2021	—	100
Series E (3)	2/27/2018	5,000	5.70	4/15/2023	495	495
Series F (3)	5/27/2020	5,000	5.625	7/15/2030	494	494
Series G (3)	8/3/2020	5,000	4.45	10/15/2027	494	494
Series H (2)	2/2/2021	500,000	4.50	4/15/2026	486	—
Series I (3)	6/9/2021	7,000	5.70	12/01/2022	175	—
Total		557,500			$ 2,167	$ 2,191

(1) Denotes earliest optional redemption date. Earlier redemption is solely at Huntington's option, subject to prior approval of FRB.
(2) Series B and H of preferred stock have a liquidation value and redemption price per share of $1,000, plus any declared and unpaid dividends.
(3) Series E, F, G, and I preferred stock have a liquidation value and redemption price per share of $100,000, plus any declared and unpaid dividends.

Preferred Stock redemptions

On July 15, 2021, all $600 million of outstanding 6.250% Series D Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, were redeemed.

On October 15, 2021, all $100 million of outstanding 5.875% Series C Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, were redeemed.

Preferred Series 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.

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, no par value, 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 years ended December 31, 2021, 2020, and 2019:

(amounts in millions, except per share data) Preferred Series	Cash Dividend Declared Per Share	Amount ($)
Year Ended December 31, 2021		
Series B	$ 28.69	$ (1)
Series C	44.07	(4)
Series D	31.25	(18)
Series E	5,700.00	(29)
Series F	5,625.00	(28)
Series G	4,450.00	(23)
Series H	42.00	(21)
Series I	1,068.75	(7)
		$ (131)
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)

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.

Share Repurchases

On July 21, 2021, the Board authorized the repurchase of up to $800 million of common shares within the four quarter period from the third quarter of 2021 through the second quarter of 2022. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated share repurchase programs. During 2021, Huntington repurchased a total of $650 million of common stock, representing 43.1 million common shares, at a weighted average price of $15.07.

Treasury shares

Treasury shares includes shares held for deferred compensation plans, at cost, of $79 million at December 31, 2021 and $59 million at December 31, 2020.

Non-controlling Interest in Subsidiaries

Through the acquisition of TCF, Huntington acquired a joint venture in which Huntington maintains a 55% ownership interest. As Huntington has a controlling financial interest, its financial results are consolidated in Huntington's financial statements and the other party's 45% ownership interest is reported as a non-controlling interest within equity.

14. EARNINGS PER SHARE

Basic earnings per share is the amount of earnings (adjusted for dividends declared on preferred stock and impact of preferred stock redemption) 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 the years ended December 31, 2021, 2020, and 2019:

	Year Ended December 31,		
(dollar amounts in millions, except per share data, share count in thousands)	2021	2020	2019
Basic earnings per common share:			
Net income attributable to Huntington Bancshares Inc	$ 1,295	$ 817	$ 1,411
Dividends on preferred shares	131	100	74
Impact of preferred stock redemption	11	—	—
Net income available to common shares	$ 1,153	$ 717	$ 1,337
Average common shares issued and outstanding	1,262,435	1,017,117	1,038,840
Basic earnings per common share	$ 0.91	$ 0.71	$ 1.29
Diluted earnings per common share:			
Dilutive potential common shares			
Stock options and restricted stock units and awards	18,185	10,613	12,994
Shares held in deferred compensation plans	6,113	4,953	4,245
Dilutive potential common shares	24,298	15,566	17,239
Total diluted average common shares issued and outstanding	1,286,733	1,032,683	1,056,079
Diluted earnings per common share	$ 0.90	$ 0.69	$ 1.27
Anti-dilutive awards (1)	2,674	9,760	5,253

(1) 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.

15. 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.

	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Noninterest income			
Noninterest income from contracts with customers	$ 1,113	$ 884	$ 939
Noninterest income within the scope of other GAAP topics	776	707	515
Total noninterest income	$ 1,889	$ 1,591	$ 1,454

The following table illustrates the disaggregation by operating segment and major revenue stream and reconciles disaggregated revenue to segment revenue presented in Note 25 - "Segment Reporting":

(dollar amounts in millions)	Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
	Year Ended December 31, 2021					
Major Revenue Streams						
Service charges on deposit accounts	$ 85	$ 278	$ 6	$ 3	$ —	$ 372
Card and payment processing income	19	292	—	—	—	311
Trust and investment management services	3	63	—	166	—	232
Insurance income	7	48	—	49	1	105
Other noninterest income	45	26	3	8	11	93
Net revenue from contracts with customers	$ 159	$ 707	$ 9	$ 226	$ 12	$ 1,113
Noninterest income within the scope of other GAAP topics	364	338	4	1	69	776
Total noninterest income	$ 523	$ 1,045	$ 13	$ 227	$ 81	$ 1,889

(dollar amounts in millions)	Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
	Year Ended December 31, 2020					
Major Revenue Streams						
Service charges on deposit accounts	$ 74	$ 217	$ 6	$ 4	$ —	$ 301
Card and payment processing income	15	221	—	—	—	236
Trust and investment management services	5	44	—	140	—	189
Insurance Income	7	43	—	46	1	97
Other noninterest income	22	26	2	11	—	61
Net revenue from contracts with customers	$ 123	$ 551	$ 8	$ 201	$ 1	$ 884
Noninterest income within the scope of other GAAP topics	241	394	1	—	71	707
Total noninterest income	$ 364	$ 945	$ 9	$ 201	$ 72	$ 1,591

(dollar amounts in millions)	Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
	Year Ended December 31, 2019					
Major Revenue Streams						
Service charges on deposit accounts	$ 64	$ 297	$ 7	$ 4	$ —	$ 372
Card and payment processing income	15	218	—	—	—	233
Trust and investment management services	4	34	—	139	1	178
Insurance Income	6	34	—	47	1	88
Other noninterest income	24	32	4	6	2	68
Net revenue from contracts with customers	$ 113	$ 615	$ 11	$ 196	$ 4	$ 939
Noninterest income within the scope of other GAAP topics	246	210	1	2	56	515
Total noninterest income	$ 359	$ 825	$ 12	$ 198	$ 60	$ 1,454

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, 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 December 31, 2021 was determined to be immaterial.

16. 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, 2021, Huntington believes there are adequate authorized common shares to satisfy anticipated stock option exercises and restricted stock unit award vesting in 2022.

The following table presents total share-based compensation expense and related tax benefit for the three years ended December 31, 2021, 2020, and 2019:

(dollar amounts in millions)	2021	2020	2019
Share-based compensation expense	$ 138	$ 77	$ 83
Tax benefit	22	13	15

2018 Long-Term Incentive Plan

In 2018, shareholders approved the Huntington Bancshares Incorporated 2018 Long-Term Incentive Plan (the 2018 Plan). In 2021, shareholders approved an amendment and restatement to the 2018 Plan to add an additional 30 million shares to the issuable amount under the plan. Accordingly, the total number of shares authorized under the 2018 Plan is 63 million shares. At December 31, 2021, 31 million shares from the Plan were available for future grants.

In connection with the TCF acquisition, equity awards granted under the TCF equity plans were assumed subject to the same terms and conditions applicable to such awards prior to the date of acquisition.

Stock Options

Stock options, awarded by Huntington, are granted at the closing market price on the date of the grant and vest ratably over four years or when other conditions are met. Options assumed in the TCF acquisition vest ratably over a five-year period. Stock options, which represented a portion of the grant values, have no intrinsic value until the stock price increases. Both options granted by Huntington and options assumed in the TCF acquisition have a contractual term of ten years from the date of grant.

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 or assumption 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 or assumption. The expected dividend yield is based on the dividend rate and stock price at the date of the grant or assumption. 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, 2021, 2020, and 2019:

Assumptions	2021	2020	2019
Risk-free interest rate	1.25 %	0.48 %	2.41 %
Expected dividend yield	3.74	6.98	4.36
Expected volatility of Huntington’s common stock	36.8	39.7	22.5
Expected option term (years)	6.5	6.5	6.5
Weighted-average grant date fair value per share	$ 3.93	$ 1.49	$ 1.91

Huntington's stock option activity and related information for the year ended December 31, 2021, 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, 2021	14,152	$	11.55			
Granted	1,883		16.04			
Assumed	844		12.02			
Exercised	(1,850)		10.36			
Forfeited/expired	(563)		11.01			
Outstanding at December 31, 2021	14,466	$	12.34	6.9	$	46
Expected to vest (1)	6,795	$	12.23	5.7	$	23
Exercisable at December 31, 2021	7,531	$	12.43	8.2	$	23

(1) The number of options expected to vest reflect an estimate of 140,000 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, 2021, 2020, and 2019 were $10 million, $6 million and $16 million, respectively. For the years ended December 31, 2021, 2020, and 2019, cash received for the exercises of stock options was $2 million, $1 million and $2 million, respectively. The tax benefit realized for the tax deductions from option exercises totaled $2 million, $1 million and $3 million in 2021, 2020, and 2019, respectively.

Restricted Stock Awards, Restricted Stock Units and Performance Share Units

Huntington also grants restricted stock units and performance share units and has assumed restricted stock awards and restricted stock units in conjunction with the TCF acquisition. Restricted stock units and performance share units awarded by Huntington are granted at the closing market price on the date of the grant. Restricted stock awards and units are issued at no cost to the recipient. Restricted stock awards and units, awarded by TCF and assumed by Huntington, can be settled only in shares at the end of the vesting period. Restricted stock units granted by Huntington can be settled in stock or cash depending on the award. Restricted stock awards granted by TCF provide the holder with voting rights, but do not provide any cash dividends. Restricted stock units granted by Huntington or those assumed through the TCF acquisition, for the most part, provide either accumulated cash dividends during the vesting period or, accrue a dividend equivalent that is paid upon vesting. Both restricted stock awards and restricted stock units are subject to certain service restrictions. Performance share units, granted by Huntington, are payable contingent upon Huntington achieving certain predefined performance objectives over the three-year measurement period. The fair value of these awards and units reflects the closing market price of Huntington's common stock on the grant or assumption date.

The following table summarizes the status of Huntington's restricted stock awards, restricted stock units, and performance share units as of December 31, 2021, and activity for the year ended December 31, 2021:

	Restricted Stock Awards		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	Quantity	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2021	—	$ —	16,652	$ 12.05	3,275	$ 11.74
Granted	—	—	4,422	15.71	1,405	16.08
Assumed (1)	690	14.54	6,691	14.72	—	—
Vested	(321)	14.63	(7,686)	14.41	(1,340)	14.76
Forfeited	(13)	14.45	(981)	12.72	(214)	11.42
Nonvested at December 31, 2021	356	$ 14.46	19,098	$ 12.85	3,126	$ 12.06

(1) Weighted-average grant date fair value per share represents the fair value per share on the acquisition date.

The weighted-average fair value at grant date of nonvested shares granted for the years ended December 31, 2021, 2020, and 2019 were $15.78, $8.90, and $13.91, respectively. The total fair value of awards vested during the years ended December 31, 2021, 2020, and 2019 was $135 million, $86 million, and $69 million, respectively. As of December 31, 2021, the total unrecognized compensation cost related to nonvested shares was $118 million with a weighted-average expense recognition period of 2.3 years.

17. 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 2021.

The following table shows the weighted-average assumptions used to determine the benefit obligation at December 31, 2021 and 2020, and the net periodic benefit cost for the years then ended:

	Pension Benefits	
	2021	2020
Weighted-average assumptions used to determine benefit obligations		
Discount rate	2.86 %	2.50 %
Weighted-average assumptions used to determine net periodic benefit cost		
Discount rate	2.50	3.40
Expected return on plan assets	4.50	5.00

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)	2021	2020
Projected benefit obligation at beginning of measurement year	$ 1,026	$ 923
Changes due to:		
Service cost	3	3
Interest cost	19	26
Benefits paid	(30)	(29)
Settlements	(25)	(19)
Actuarial assumptions and gains (losses)	(37)	122
Total changes	(70)	103
Projected benefit obligation at end of measurement year	$ 956	$ 1,026

The following table reconciles the beginning and ending balances of the fair value of Plan assets at the December 31, 2021 and 2020 measurement dates:

	Pension Benefits	
(dollar amounts in millions)	2021	2020
Fair value of plan assets at beginning of measurement year	$ 1,050	$ 931
Changes due to:		
Actual return on plan assets	15	164
Settlements	(28)	(16)
Benefits paid	(30)	(29)
Total changes	(43)	119
Fair value of plan assets at end of measurement year	$ 1,007	$ 1,050

As of December 31, 2021, the difference between the accumulated benefit obligation and the fair value of Plan assets was $51 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, 2021, 2020 and 2019:

	Pension Benefits (1)		
(dollar amounts in millions)	2021	2020	2019
Service cost	$ 3	$ 3	$ 2
Interest cost	19	26	32
Expected return on plan assets	(40)	(42)	(44)
Amortization of loss	12	9	6
Settlements	8	5	5
Benefit costs	$ 2	$ 1	$ 1

(1) The pension costs are recognized in other noninterest income in the Consolidated Statements of Income.

At December 31, 2021 and 2020, 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:

	Fair Value					
(dollar amounts in millions)	2021			2020		
Cash equivalents:						
Mutual funds-money market	$	45	5 %	$	20	2 %
Fixed income:						
Corporate obligations		559	55		522	50
U.S. Government obligations		208	21		208	20
Municipal obligations		5	—		6	—
Collective trust funds		13	1		118	11
Equities:						
Common stock		52	5		48	5
Preferred stock		—	—		5	—
Limited liability companies		36	4		39	4
Collective trust funds		30	3		33	3
Limited partnerships		58	6		51	5
Fair value of plan assets	$	1,007	100 %	$	1,050	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, 2021, 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, 2021, Plan assets were invested 5% in cash equivalents, 18% in equity investments, and 77% in bonds, with an average duration of 13.7 years on investments. The estimated life of benefit obligations was 12.9 years. Although it may fluctuate with market conditions, Huntington has targeted a long-term allocation of Plan assets of 20% in equity investments and 80% in bond investments. The allocation of Plan assets between equity investments and fixed income investments will change from time to time.

At December 31, 2021, the following table shows when benefit payments are expected to be paid:

(dollar amounts in millions)	Pension Benefits	
2022	$	56
2023		54
2024		52
2025		50
2026		50
2027 through 2030		240

The following tables present the amounts recognized in OCI as of December 31, 2021, 2020, and 2019, and the changes in accumulated OCI for the years ended December 31, 2021, 2020, and 2019:

(dollar amounts in millions)	2021	2020	2019
Net actuarial loss	$ (225)	$ (253)	$ (261)
Prior service cost	—	—	10
Defined benefit pension plans	$ (225)	$ (253)	$ (251)

	2021		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Net actuarial gain (loss):			
Amounts arising during the year	$ 18	$ (4)	$ 14
Amortization included in net periodic benefit costs	18	(4)	14
Total recognized in OCI	$ 36	$ (8)	$ 28

	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)

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, 2021, 2020, and 2019 was $70 million, $47 million, and $51 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)	2021	2020
Shares in Huntington common stock	9,526	10,121
Market value of Huntington common stock	$ 147	$ 128
Dividends received on shares of Huntington stock	6	6

18. INCOME TAXES

The following is a summary of the provision for income taxes:

(dollar amounts in millions)	Year Ended December 31, 2021	2020	2019
Current tax provision (benefit)			
Federal	$ 356	$ 236	$ 209
State	13	12	16
Foreign	1	—	—
Total current tax provision	370	248	225
Deferred tax provision (benefit)			
Federal	(104)	(103)	24
State	28	10	(1)
Total deferred tax provision	(76)	(93)	23
Provision for income taxes	$ 294	$ 155	$ 248

The following is a reconciliation for provision for income taxes:

(dollar amounts in millions)	Year Ended December 31, 2021	2020	2019
Provision for income taxes computed at the statutory rate	$ 334	$ 204	$ 348
Increases (decreases):			
General business credits	(126)	(99)	(88)
Capital loss	(32)	(25)	(62)
Tax-exempt income	(18)	(17)	(21)
Tax-exempt bank owned life insurance income	(14)	(13)	(14)
Affordable housing investment amortization, net of tax benefits	102	78	70
State income taxes, net	32	17	11
Other	16	10	4
Provision for income taxes	$ 294	$ 155	$ 248

The significant components of deferred tax assets and liabilities at December 31, 2021 and 2020 were as follows:

	At December 31,	
(dollar amounts in millions)	2021	2020
Deferred tax assets:		
Allowances for credit losses	$ 518	$ 448
Tax credit carryforward	194	—
Net operating and other loss carryforward	143	128
Lease liability	143	54
Purchase accounting and other intangibles	107	30
Fair value adjustments	65	—
Pension and other employee benefits	46	10
Other assets	14	5
Total deferred tax assets	1,230	675
Deferred tax liabilities:		
Lease financing	712	409
Operating assets	116	85
Loan origination costs	115	137
Right-of-use asset	113	46
Mortgage servicing rights	84	43
Securities adjustments	40	20
Fair value adjustments	—	55
Other liabilities	14	3
Total deferred tax liabilities	1,194	798
Net deferred tax asset (liability) before valuation allowance	36	(123)
Valuation allowance	(35)	(11)
Net deferred tax asset (liability)	$ 1	$ (134)

At December 31, 2021, Huntington's net deferred tax asset related to net operating loss and other carryforwards was $337 million. This was comprised of federal net operating loss carryforwards of $61 million, which will begin expiring in 2025, state net operating loss carryforwards of $50 million, which will begin expiring in 2022, a federal capital loss carryforward of $26 million, which will begin expiring in 2025, state capital loss carryforwards of $6 million, which will begin expiring in 2022, and general business credits of $194 million, which will expire in 2041.

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, city and foreign jurisdictions. Federal income tax audits have been completed for tax years through 2009. The 2010-2017 tax years remain open as Huntington is currently appealing certain IRS positions related to these years. The 2018-2020 tax years remain open under the standard statute of limitations. Also, with few exceptions, the Company is no longer subject to state, local and foreign income tax examinations for tax years before 2017.

The following table provides a reconciliation of the beginning and ending amounts of gross unrecognized tax benefits:

(dollar amounts in millions)	2021	2020
Unrecognized tax benefits at beginning of year	$ 46	$ —
Gross increases for tax positions taken during prior years	47	46
Unrecognized tax benefits at end of year	$ 93	$ 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, 2021 and 2020. 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, 2021, retained earnings included approximately $182 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 $38 million at December 31, 2021.

19. 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. Assets and liabilities measured at fair value rarely transfer between Level 1 and Level 2 measurements. There were no such transfers during the years ended December 31, 2021 and 2020.

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.

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. Level 1 positions in these portfolios consist of U.S. Treasury securities. 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 positions in these portfolio consist 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. 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 are summarized in the following tables:

	Fair Value Measurements at Reporting Date Using				
(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2021
Assets					
Trading account securities:					
Municipal securities	$ —	$ 46	$ —	$ —	$ 46
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	4,649	—	—	4,649
Residential MBS	—	15,508	—	—	15,508
Commercial MBS	—	1,865	—	—	1,865
Other agencies	—	248	—	—	248
Municipal securities	—	49	3,477	—	3,526
Private-label CMO	—	86	20	—	106
Asset-backed securities	—	312	70	—	382
Corporate debt	—	2,167	—	—	2,167
Other securities/sovereign debt	—	4	—	—	4
	5	24,888	3,567	—	28,460
Other securities	65	7	—	—	72
Loans held for sale	—	1,270	—	—	1,270
Loans held for investment	—	152	19	—	171
MSRs	—	—	351	—	351
Other assets:					
Derivative assets	—	1,055	10	(465)	600
Assets held in trust for deferred compensation	156	—	—	—	156
Liabilities					
Derivative liabilities	—	737	6	(624)	119

(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	73	—	—	—	73
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 following tables present a rollforward of the balance sheet amounts measured at fair value 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, 2021					
			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	$ 210	$ 41	$ 2,951	$ 9	$ 10	$ 23
Transfers out of Level 3 (1)	—	(132)	—	—	—	—
Total gains/losses for the period:						
Included in earnings:						
Mortgage banking income	27	88	—	—	—	—
Interest and fee income	—	—	(1)	(2)	—	—
Included in OCI	—	—	(46)	—	—	—
Purchases/originations/acquisitions	194	7	1,835	11	115	—
Sales	—	—	(369)	—	—	—
Repayments	—	—	—	—	—	(4)
Settlements	(80)	—	(893)	2	(55)	—
Closing balance	$ 351	$ 4	$ 3,477	$ 20	$ 70	$ 19
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ 27	$ (41)	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	$ —	$ —	$ (47)	$ —	$ —	$ —

	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:						
Mortgage banking income	(104)	233	—	—	—	—
Interest and fee income	—	—	(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 (or changes in net assets) 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	$ —	$ —	$ —

(dollar amounts in millions)	Level 3 Fair Value Measurements Year Ended December 31, 2019					
			Available-for-sale securities			
	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:						
Mortgage banking income	(3)	66	—	—	—	—
Interest and fee income	—	—	(1)	—	—	1
Included in OCI	—	—	77	—	—	—
Purchases/originations	—	—	254	2	55	—
Sales	—	—	—	—	—	—
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	$ —	$ —	$ —

(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.

Assets and liabilities under the fair value option

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

(dollar amounts in millions)	Total Loans			Loans that are 90 or more days past due		
	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
December 31, 2021						
Assets						
Loans held for sale	$ 1,270	$ 1,237	$ 33	$ —	$ —	$ —
Loans held for investment	171	177	(6)	4	4	—
December 31, 2020						
Assets						
Loans held for sale	$ 1,198	$ 1,134	$ 64	$ 2	$ 2	$ —
Loans held for investment	94	99	$ (5)	7	8	(1)

The following table presents the net (losses) gains from fair value changes:

(dollar amounts in millions)	Net (losses) gains from fair value changes Year Ended December 31,		
	2021	2020	2019
Assets			
Loans held for sale (1)	$ (31)	$ 38	$ 7
Loans held for investment	(1)	1	1

(1) The net (losses) gains 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 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, 2021					
Collateral-dependent loans	$ 39	$ —	$ —	$ 39	$ (4)
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.

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:

	Quantitative Information about Level 3 Fair Value Measurements					
			At December 31, 2021(1)		At December 31, 2020(1)	
(dollar amounts in millions)	Valuation Technique	Significant Unobservable Input	Range	Weighted Average	Range	Weighted Average
Measured at fair value on a recurring basis:						
MSRs	Discounted cash flow	Constant prepayment rate	8 % - 23 %	12 %	8 % - 24 %	17 %
		Spread over forward interest rate swap rates	3 % - 11 %	5 %	4 % - 11 %	5 %
Derivative assets	Consensus Pricing	Net market price	(4)% - 8 %	1 %	(4)% - 11 %	3 %
		Estimated pull through %	6 % - 100 %	92 %	1 % - 100 %	88 %
Municipal securities	Discounted cash flow	Discount rate	— % - 2 %	1 %	— % - 1 %	1 %
Asset-backed securities		Cumulative default	— % - 64 %	5 %	— % - 39 %	4 %
		Loss given default	5 % - 80 %	23 %	5 % - 80 %	25 %

(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:

(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
December 31, 2021					
Financial Assets					
Cash and short-term assets	$ 5,914	$ —	$ —	$ 5,914	$ 5,914
Trading account securities	—	—	46	46	46
Available-for-sale securities	—	—	28,460	28,460	28,460
Held-to-maturity securities	12,447	—	—	12,447	12,489
Other securities	576	—	72	648	648
Loans held for sale	—	406	1,270	1,676	1,621
Net loans and leases (1)	109,719	—	171	109,890	110,342
Derivative assets	—	—	600	600	600
Assets held in trust for deferred compensation plans	—	—	156	156	156
Financial Liabilities					
Deposits	143,263	—	—	143,263	143,574
Short-term borrowings	334	—	—	334	334
Long-term debt	7,108	—	—	7,108	7,319
Derivative liabilities	—	—	119	119	119
December 31, 2020					
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 estimated fair values:

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	Presented Balance
December 31, 2021					
Financial Assets					
Trading account securities	$ —	$ 46	$ —		$ 46
Available-for-sale securities	5	24,888	3,567		28,460
Held-to-maturity securities	—	12,489	—		12,489
Other securities (2)	65	7	—		72
Loans held for sale	—	1,270	351		1,621
Net loans and leases	—	152	110,190		110,342
Derivative assets	—	1,055	10	(465)	600
Financial Liabilities					
Deposits	—	139,047	4,527		143,574
Short-term borrowings	—	334	—		334
Long-term debt	—	6,441	878		7,319
Derivative liabilities	—	737	6	(624)	119
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 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 FRB, 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.

20. 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, 2021 and December 31, 2020. Amounts in the table below are presented gross without the impact of any net collateral arrangements.

	December 31, 2021			December 31, 2020		
(dollar amounts in millions)	Notional Value	Asset	Liability	Notional Value	Asset	Liability
Derivatives designated as Hedging Instruments						
Interest rate contracts	$ 21,306	$ 258	$ 32	$ 27,056	$ 719	$ 51
Foreign exchange contracts	210	1	—	—	—	—
Derivatives not designated as Hedging Instruments						
Interest rate contracts	45,286	587	498	44,495	1,074	828
Foreign exchange contracts	3,524	29	31	2,718	46	47
Commodities contracts	1,077	178	177	1,952	107	103
Equity contracts	685	12	5	517	—	4
Total Contracts	$ 72,088	$ 1,065	$ 743	$ 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 Consolidated Income Statement for the years ended December 31, 2021, 2020 and 2019.

		Year Ended December 31,		
(dollar amounts in millions)	Location of Gain or (Loss) Recognized in Income on Derivative	2021	2020	2019
Interest rate contracts:				
Customer	Capital markets fees	$ 50	$ 47	$ 49
Mortgage banking	Mortgage banking income	(26)	52	37
Interest rate floors	Interest and fee income on loans and leases	(8)	(2)	4
Interest rate caps	Interest expense on long-term debt	89	5	—
Foreign exchange contracts	Capital markets fees	32	27	28
Commodities contracts	Capital markets fees	3	4	(2)
Equity contracts	Other noninterest expense	(8)	(4)	(4)
Total		$ 132	$ 129	$ 112

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, 2021 and December 31, 2020, identified by the underlying interest rate-sensitive instruments:

	December 31, 2021			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ 8,228	$ —	$ —	$ 8,228
Loans	—	11,150	271	11,421
Long-term debt	1,928	—	—	1,928
Total notional value at December 31, 2021	$ 10,156	$ 11,150	$ 271	$ 21,577

	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 (decrease) to net interest income of $337 million, $239 million, and $(53) million for the years ended December 31, 2021, 2020, and 2019, 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 $7.4 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. Huntington has also designated $869 million 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 years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Interest rate contracts			
Change in fair value of interest rate swaps hedging investment securities (1)	$ 108	$ 6	$ —
Change in fair value of hedged investment securities (1)	(114)	3	—
Change in fair value of interest rate swaps hedging long-term debt (2)	(184)	113	127
Change in fair value of hedged long term debt (2)	187	(118)	(125)

(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, 2021 and 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)	2021	2020	2021	2020
Assets				
Investment securities (1)	$ 17,150	$ 6,637	$ (117)	$ 3
Liabilities				
Long-term debt (2)	1,981	6,383	45	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 December 31, 2021, the amortized cost basis of the closed portfolios used in these hedging relationships was $16.2 billion, the cumulative basis adjustments associated with these hedging relationships was $(101) million, and the amounts of the designated hedged items were $7.4 billion.

(2) Excluded from the above table are the cumulative amount of fair value hedge adjustments remaining for long-term debt for which hedge accounting has been discontinued in the amounts of $17 million at December 31, 2021 and $(62) million at December 31, 2020.

Cash Flow Hedges

At December 31, 2021, Huntington had $11.2 billion of interest rate floors 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.

At December 31, 2021, the net gains recognized in AOCI that are expected to be reclassified into earnings within the next 12 months were $24 million.

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 December 31, 2021 was $210 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 of 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 was $15 million and $26 million at December 31, 2021 and December 31, 2020, respectively. At December 31, 2021 and December 31, 2020, Huntington had commitments to sell residential real estate loans of $2.1 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 (losses) gains related to MSR hedging activity is summarized in the following table:

MSR hedging activity	At December 31,	
(dollar amounts in millions)	2021	2020
Notional value	$ 1,330	$ 1,170
Trading assets	19	43

	Year December 31,		
(dollar amounts in millions)	2021	2020	2019
Trading (losses) gains	$ (26)	$ 52	$ 30

MSR hedging trading assets and liabilities are included in other assets and other liabilities, respectively, in the Consolidated Balance Sheets. Trading (losses) gains 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, 2021 and December 31, 2020, were $51 million and $70 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $45 billion and $37 billion at December 31, 2021 and December 31, 2020, respectively. Huntington's credit risk from customer derivatives was $551 million and $882 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 19 - "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 three primary groups: central clearinghouses, 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 collateral and master netting agreements with central clearinghouses and broker-dealers. Collateral is typically exchanged daily based on the net fair value of the positions with the counterparty from the preceding day. Collateral representing initial margin, which is based on future potential exposure, is also required to be pledged by us in relation to derivative instruments with central clearinghouse counterparties. Huntington additionally enters into transactions with customers to meet their financing, investing, payment and risk management needs. 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 $44 million and $175 million at December 31, 2021 and December 31, 2020, respectively. The credit risk associated with derivatives is calculated after considering master netting agreements.

At December 31, 2021, Huntington pledged $135 million of investment securities and cash collateral to counterparties, while other counterparties pledged $467 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, 2021 and December 31, 2020:

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, 2021	$ 1,065	$ (465)	$ 600	$ (65)	$ (31)	$ 504
December 31, 2020	1,946	(889)	1,057	(112)	(142)	803

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, 2021	$ 743	$ (624)	$ 119	$ (3)	$ (116)	$ —
December 31, 2020	1,033	(917)	116	(9)	(105)	2

21. 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, 2021, and 2020:

	December 31, 2021		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Affordable Housing Tax Credit Partnerships	$ 1,652	$ 949	$ 1,652
Trust Preferred Securities	14	248	—
Other Investments	484	146	484
Total	$ 2,150	$ 1,343	$ 2,136

	December 31, 2020		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Affordable Housing Tax Credit Partnerships	$ 956	$ 500	$ 956
Trust Preferred Securities	14	252	—
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 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, 2021 follows:

(dollar amounts in millions)	Rate		Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	0.91 %	(2)	$ 70	$ 7
Huntington Capital II	0.83	(3)	32	3
Sky Financial Capital Trust III	1.61	(4)	72	2
Sky Financial Capital Trust IV	1.61	(4)	74	2
Total			$ 248	$ 14

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at December 31, 2021, based on three-month LIBOR + 0.70%.
(3) Variable effective rate at December 31, 2021, based on three-month LIBOR + 0.625%.
(4) Variable effective rate at December 31, 2021, based on three-month LIBOR + 1.40%.

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

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 are included in Other 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, 2021 and 2020.

(dollar amounts in millions)	December 31, 2021	December 31, 2020
Affordable housing tax credit investments	$ 2,376	$ 1,568
Less: amortization	(724)	(612)
Net affordable housing tax credit investments	$ 1,652	$ 956
Unfunded commitments	$ 949	$ 500

The following table presents other information relating to Huntington's affordable housing tax credit investments for the years ended December 31, 2021, 2020, and 2019:

	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Tax credits and other tax benefits recognized	$ 144	$ 113	$ 98
Proportional amortization expense included in provision for income taxes	126	97	84

There were no sales of affordable housing tax credit investments during the years ended December 31, 2021 and 2020, and 2019. There was no impairment recognized for the years ended December 31, 2021 and 2020, and 2019.

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.

22. 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, 2021, and December 31, 2020 were as follows:

	At December 31,	
(dollar amounts in millions)	2021	2020
Contract amount representing credit risk		
Commitments to extend credit:		
Commercial	$ 27,933	$ 20,701
Consumer	18,513	14,808
Commercial real estate	3,042	1,313
Standby letters of credit and guarantees on industrial revenue bonds	694	581
Commercial letters of credit	36	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 $7 million and $5 million at December 31, 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 December 31, 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.

23. 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, which has been established as 2.5% for Huntington, to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. The stress capital buffer is calculated as a ratio of CET1 capital to risk-weighted assets, and it effectively increases the required minimum risk-based capital ratios.

As of December 31, 2021, Huntington's and the Bank's regulatory capital ratios were above the well-capitalized standards and met the applicable stress capital buffer. Please refer to the table below for a summary of Huntington's and the Bank's regulatory capital ratios.

		Minimum Regulatory Capital Ratios	Minimum Ratio+Capital Conservation Buffer (1)	Well-Capitalized Minimums	Basel III December 31, 2021		2020	
(dollar amounts in millions)					Ratio	Amount	Ratio	Amount
CET 1 risk-based capital	Consolidated	4.50 %	7.00 %	N/A	9.33 %	$ 12,249	10.00 %	$ 8,887
	Bank	4.50	7.00	6.50 %	10.15	13,261	10.65	9,438
Tier 1 risk-based capital	Consolidated	6.00	8.50	6.00	10.99	14,426	12.47	11,083
	Bank	6.00	8.50	8.00	11.06	14,445	11.97	10,601
Total risk-based capital	Consolidated	8.00	10.50	10.00	13.14	17,246	14.46	12,856
	Bank	8.00	10.50	10.00	12.58	16,427	13.58	12,032
Tier 1 leverage	Consolidated	4.00	N/A	N/A	8.56	14,426	9.32	9,854
	Bank	4.00	N/A	5.00	8.60	14,445	8.94	10,601

(1) Reflects the stress capital buffer of 2.5%.

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 2021 and 2020, the average balances of these deposits were $7.2 billion and $3.9 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, 2021, the Bank could lend $1.6 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 2021, the Bank paid dividends of $1.4 billion to the parent company. Also, there are statutory and regulatory limitations on the ability of national banks to pay dividends or make other capital distributions.

24. PARENT-ONLY FINANCIAL STATEMENTS

The parent-only financial statements, which include transactions with subsidiaries, are as follows:

Balance Sheets	December 31,	
(dollar amounts in millions)	2021	2020
Assets		
Cash and due from banks	$ 2,832	$ 4,466
Due from The Huntington National Bank	297	297
Due from non-bank subsidiaries	35	37
Investment in The Huntington National Bank	19,297	12,509
Investment in non-bank subsidiaries	217	147
Accrued interest receivable and other assets	544	429
Total assets	$ 23,222	$ 17,885
Liabilities and shareholders' equity		
Long-term borrowings	$ 3,111	$ 4,142
Dividends payable, accrued expenses, and other liabilities	815	750
Total liabilities	3,926	4,892
Shareholders' equity (1)	19,296	12,993
Total liabilities and shareholders' equity	$ 23,222	$ 17,885

(1) See Consolidated Statements of Changes in Shareholders' Equity.

Statements of Income	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Income			
Dividends from:			
The Huntington National Bank	$ 1,394	$ 1,527	$ 685
Non-bank subsidiaries	19	36	3
Interest from:			
The Huntington National Bank	3	4	8
Non-bank subsidiaries	1	1	2
Other	—	11	2
Total income	1,417	1,579	700
Expense			
Personnel costs	6	17	6
Interest on borrowings	60	115	143
Other	230	123	145
Total expense	296	255	294
Income before income taxes and equity in undistributed net income of subsidiaries	1,121	1,324	406
Provision (benefit) for income taxes	(56)	(46)	(63)
Income before equity in undistributed net income of subsidiaries	1,177	1,370	469
Increase (decrease) in undistributed net income (loss) of:			
The Huntington National Bank	97	(547)	908
Non-bank subsidiaries	21	(6)	34
Net income	$ 1,295	$ 817	$ 1,411
Other comprehensive income (loss) (1)	(421)	448	353
Comprehensive income	$ 874	$ 1,265	$ 1,764

(1) See Consolidated Statements of Comprehensive Income for other comprehensive income (loss) detail.

Statements of Cash Flows	Year Ended December 31,		
(dollar amounts in millions)	2021	2020	2019
Operating activities			
Net income	$ 1,295	$ 817	$ 1,411
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	(118)	553	(942)
Depreciation and amortization	23	—	(2)
Other, net	(217)	89	(19)
Net cash (used for) provided by operating activities	983	1,459	448
Investing activities			
Repayments from subsidiaries	8	8	701
Advances to subsidiaries	(59)	(256)	(11)
(Purchases)/Proceeds from sale of securities	(28)	(1)	(38)
Net cash received from business combination	248	—	—
Net cash (used for) provided by investing activities	169	(249)	652
Financing activities			
Net proceeds from issuance of medium-term notes	513	747	797
Payment of long-term debt	(1,508)	(800)	—
Dividends paid on common and preferred stock	(888)	(698)	(671)
Repurchases of common stock	(650)	(92)	(441)
Net proceeds from issuance of preferred stock	486	988	—
Payment to repurchase preferred stock	(700)	—	—
Other, net	(39)	(8)	(18)
Net cash provided by (used for) financing activities	(2,786)	137	(333)
Increase (decrease) in cash and cash equivalents	(1,634)	1,347	767
Cash and cash equivalents at beginning of year	4,466	3,119	2,352
Cash and cash equivalents at end of year	$ 2,832	$ 4,466	$ 3,119
Supplemental disclosure:			
Interest paid	$ 71	$ 113	$ 135

25. 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: Commercial Banking, Consumer and Business 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 reported acquisition-related net expenses, if any, and 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).

Commercial Banking - Through a relationship banking model, the Commercial Banking segment provides a comprehensive set of product offerings and capabilities to middle market, large corporate, specialized industries and government/public sector customers located within our geographic footprint, as well as nationally. The segment is divided into five business units: Regional Commercial Banking, Specialty Banking, Asset Finance, Treasury Management and Capital Markets.

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, 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. 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.

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, 2021, December 31, 2020, and December 31, 2019, reported results by business segment:

Income Statements *(dollar amounts in millions)*	Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
2021						
Net interest income	$ 1,284	$ 1,667	$ 468	$ 159	$ 524	$ 4,102
Provision for credit losses	4	91	(86)	16	—	25
Noninterest income	523	1,045	13	227	81	1,889
Noninterest expense	791	2,231	163	300	890	4,375
Provision (benefit) for income taxes	212	82	85	15	(100)	294
Income attributable to non-controlling interest	2	—	—	—	—	2
Net income attributable to Huntington Bancshares Inc	$ 798	$ 308	$ 319	$ 55	$ (185)	$ 1,295
2020						
Net interest income	$ 903	$ 1,436	$ 430	$ 160	$ 295	$ 3,224
Provision for credit losses	626	265	146	11	—	1,048
Noninterest income	364	945	9	201	72	1,591
Noninterest expense	542	1,774	141	243	95	2,795
Provision for income taxes	21	72	32	22	8	155
Net income	$ 78	$ 270	$ 120	$ 85	$ 264	$ 817
2019						
Net interest income	$ 1,037	$ 1,766	$ 397	$ 198	$ (185)	$ 3,213
Provision for credit losses	132	114	44	(3)	—	287
Noninterest income	359	825	12	198	60	1,454
Noninterest expense	564	1,673	148	256	80	2,721
Provision (benefit) for income taxes	147	169	45	30	(143)	248
Net income (loss)	$ 553	$ 635	$ 172	$ 113	$ (62)	$ 1,411

	Assets at December 31,		Deposits at December 31,	
(dollar amounts in millions)	2021	2020	2021	2020
Commercial Banking	57,071	36,311	31,845	24,766
Consumer & Business Banking	$ 39,929	$ 30,758	$ 95,352	$ 60,910
Vehicle Finance	20,752	19,789	1,401	722
RBHPCG	8,325	7,064	10,162	7,635
Treasury / Other	47,987	29,116	4,503	4,915
Total	$ 174,064	$ 123,038	$ 143,263	$ 98,948

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, 2021. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, 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

Huntington completed the integration and conversion of TCF financial systems in the fourth quarter of 2021. 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, 2021, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Item 9B: Other Information

Not applicable.

Item 9C: Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

We refer in Part III of this report to relevant sections of our 2022 Proxy Statement for the 2022 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days of the close of our 2021 fiscal year. Portions of our 2022 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, Our Executive Officers, Family Relationships, Delinquent Section 16(a) Reports, Codes of Ethics, Recommendations for Directorship, and Board Committee Information of our 2022 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 and Compensation of Directors of our 2022 Proxy Statement, which is incorporated by reference into this item.

Item 12: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information about Huntington common stock authorized for issuance under Huntington's existing equity compensation plans as of December 31, 2021.

Plan Category (1)	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (2)(3) (a)	Weighted-average exercise price of outstanding options, warrants, and rights (4) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (5) (c)
Equity compensation plans approved by security holders	32,574,357	$ 5.19	30,912,793
Equity compensation plans not approved by security holders	—	—	—
Total	32,574,357	$ 5.19	30,912,793

(1) All equity compensation plan authorizations for shares of common stock provide for the number of shares to be adjusted for stock splits, stock dividends, and other changes in capitalization. The Huntington 401(k) Plan, a broad-based plan qualified under Internal Revenue Code Section 401(a) which includes Huntington common stock as one of a number of investment options available to participants, is excluded from the table.

(2) The numbers in this column (a) reflect shares of common stock to be issued upon exercise of outstanding stock options and the vesting of outstanding awards of RSAs, RSUs, and PSUs, and the release of DSUs.

(3) As of December 31, 2021, an additional 4,471,184 common shares, at a weighted-average exercise price of $2.12, are to be issued upon exercise or vesting under the TCF Incentive Plan which was assumed in the acquisition of TCF, is no longer active, and for which Huntington has not reserved the right to make subsequent grants or awards.

(4) The weighted-average exercise prices in this column are based on outstanding options and do not take into account unvested awards of RSAs, RSUs and PSUs and unreleased DSUs as these awards do not have an exercise price.

(5) The number of shares in this column (c) reflects the number of shares remaining available for future issuance under Huntington's 2018 Plan, excluding shares reflected in column (a). The number of shares in this column (c) does not include shares of common stock to be issued under the following compensation plans: the Executive Deferred Compensation Plan, which provides senior officers designated by the Compensation Committee the opportunity to defer up to 90% of base salary, annual bonus compensation and certain equity awards, and up to 90% of long-term incentive awards; the Supplemental Plan under which voluntary participant contributions made by payroll deduction are used to purchase shares; the Deferred Compensation for Huntington Bancshares Incorporated Directors under which directors may defer their director compensation and such amounts may be invested in shares of common stock; and the Deferred Compensation Plan for directors (now inactive) under which directors of selected subsidiaries may defer their director compensation and such amounts may be invested in shares of Huntington common stock. These plans do not contain a limit on the number of shares that may be issued under them.

The information related to item 403 of regulation S-K is set forth under the caption Ownership of Voting Stock of our 2022 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 Review, Approval, or Ratification of Transactions with Related Persons and Independence of Directors of our 2022 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 Audit Matters of our 2022 Proxy Statement which is incorporated by reference into this item.

PART IV

Item 15: Exhibits and Financial Statement Schedules

<u>**Financial Statements and Financial Statement Schedules**</u>

Our consolidated financial statements required in response to this Item are incorporated by reference from Item 8 of this Report.

<u>**Exhibits**</u>

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
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
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(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)
10.3	* 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
10.4	* 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
10.5	* 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
10.6	* Restricted Stock Unit Deferral Agreement.	Current Report on Form 8-K dated July 24, 2006.	000-02525	99.3
10.7	* Director Deferred Stock Award Notice.	Current Report on Form 8-K dated July 24, 2006.	000-02525	99.4
10.8	* Huntington Bancshares Incorporated 2007 Stock and Long-Term Incentive Plan.	Definitive Proxy Statement for the 2007 Annual Meeting of Stockholders.	000-02525	G
10.9	* Second Amendment to the 2007 Stock and Long-Term Incentive Plan.	Definitive Proxy Statement for the 2010 Annual Meeting of Shareholders.	001-34073	A
10.10	* 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

10.11	* 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
10.12	* 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
10.13	* 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
10.14	* 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
10.15	*Huntington Bancshares Incorporated 2012 Long-Term Incentive Plan.	Definitive Proxy Statement for the 2012 Annual Meeting of Shareholders.	001-34073	A
10.16	*Huntington Bancshares Incorporated 2015 Long-Term Incentive Plan.	Definitive Proxy Statement for the 2015 Annual Meeting of Shareholders.	001-34073	A
10.17	*Form of 2015 Stock Option Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.	001-34073	10.2
10.18	*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
10.19	*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
10.20	* 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
10.21	* 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
10.22	*Huntington Bancshares Incorporated Amended and Restated 2018 Long-Term Incentive Plan.			
10.23	*Form of 2018 Stock Option Grant Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.	001-34073	10.2
10.24	*Form of 2018 Restricted Stock Unit Agreement.	Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.	001-34073	10.3
10.25	*Executive Deferred Compensation Plan, through January 18, 2022.			
10.26	*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
10.27	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
10.28	*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
10.29	*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
10.30	*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
10.31	*Letter Agreement dated December 13, 2020, by and between Huntington Bancshares Incorporated and Gary Torgow.			
10.32	*Letter Agreement dated February 2, 2021, by and between Huntington Bancshares Incorporated and Michael Jones.			
10.33	*Letter Agreement dated February 4, 2021, by and between Huntington Bancshares Incorporated and Thomas C. Shafer.			
10.34	*Form of Restricted Stock Unit Agreement pursuant to the Stock Incentive Plan of 2019 for Time-Based Restricted Stock Units.	TCF Financial Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.	001-39009	10(d)
10.35	*Form of Restricted Stock Unit Agreement pursuant to the Stock Incentive Plan of 2019 for Performance-Based Restricted Stock Units.	TCF Financial Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.	001-39009	10(e)
10.36	*Form of Restricted Stock Unit Agreement pursuant to the TCF Financial 2015 Omnibus Incentive Plan for Time-Based Restricted Stock Units.	TCF Financial Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.	001-39009	10(i)
10.37	*Form of Restricted Stock Unit Agreement pursuant to the TCF Financial 2015 Omnibus Incentive Plan for Performance-Based Restricted Stock Units.	TCF Financial Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.	001-39009	10(j)
10.38	*Amended and Restated TCF Financial 2015 Omnibus Incentive Plan.	TCF Financial Corporation Annual Report on Form 10-K for the year ended December 31, 2018.	001-10253	10(a)
10.39	*Stock Incentive Plan of 2019.	TCF Definitive Proxy Statement for the 2019 Annual Meeting of Shareholders.	001-39009	A
10.40	*TCF 401K Supplemental Plan, as amended and restated effective January 1, 2020.	TCF Financial Corporation Annual Report on Form 10-K for the year ended December 31, 2019.	000-08185	10(qq)

10.41	*TCF Employees Omnibus Deferred Compensation Plan, as restated effective April 15, 2019.	TCF Financial Corporation Annual Report on Form 10-K for the year ended December 31, 2019.	000-08185	10(rr)
10.42	*Rabbi Trust Agreement for TCF Employees Omnibus Deferred Compensation Plan.	TCF Financial Corporation Annual Report on Form 10-K for the year ended December 31, 2019.	000-08185	10(ss)
14.1(P)	Code of Business Conduct and Ethics dated January 14, 2003 and revised on January 31, 2022 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, 2021, 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 18th day of February, 2022.

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 18th day of February, 2022.

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

Richard H. King *

Richard H. King
Director

Katherine M. A. Kline *

Katherine M. A. Kline
Director

Barbara L. McQuade *

Barbara L. McQuade
Director

Richard W. Neu *

Richard W. Neu
Director

Kenneth J. Phelan *

Kenneth J. Phelan
Director

David L. Porteous *

David L. Porteous
Director

Roger J. Sit *

Roger J. Sit
Director

Gary Torgow *

Gary Torgow
Director

Jeffrey L. Tate *

Jeffrey L. Tate
Director

*/s/ Jana J. Litsey

Jana J. Litsey
Attorney-in-fact for each of the persons indicated

Contact and Other Information

SHAREHOLDER CONTACTS

Registered shareholders (holders of record with the company) requesting information about share balances, change of name or address, lost certificates, or other shareholder account matters should contact Huntington's transfer agent:

Computershare Investor Services
Attn: Shareholder Services
P.O. Box 50500
Louisville, KY 40233-5000

(800) 725-0674

www.computershare.com/hban

Beneficial shareholders (owners of shares held in a bank or brokerage account): When you purchase stock and it is held for you by your broker, it is listed with the company in the broker's name, and this is sometimes referred to as holding shares in "street name." Huntington does not know the identity of individual shareholders who hold their shares in this manner; we simply know that a broker holds a certain number of shares which may be for any number of customers. If you hold your stock in street name, you receive all dividend payments, annual reports, and proxy materials through your broker. Therefore, questions about your account should be directed to your broker.

DIRECT STOCK PURCHASE AND DIVIDEND REINVESTMENT PLAN

Computershare Investment Plan (CIP) is a direct stock purchase and dividend reinvestment plan for registered holders or for those who wish to become registered holders of common stock of Huntington. The CIP is offered and administered by Computershare Trust Company, N.A. (Computershare), and not by Huntington. Computershare is the registrar and transfer agent for Huntington common stock. Information to enroll in the CIP is available online at www.computershare.com/hban or by calling Computershare at (800) 725-0674.

DIRECT DEPOSIT OF DIVIDENDS FOR REGISTERED SHAREHOLDERS

Automatic direct deposit of quarterly dividends is offered to Huntington's registered shareholders and provides secure and timely access to their funds. Information to enroll in direct deposit of dividends is available online at www.computershare.com/hban or by calling the transfer agent, Computershare, at (800) 725-0674.

SHAREHOLDER INFORMATION

Common Stock

The common stock of Huntington Bancshares Incorporated is traded on Nasdaq under the symbol "HBAN."

Information Requests

Copies of Huntington's Annual Report; Forms 10-K and 10-Q; Proxy Statement; and Quarterly Earnings Releases may be obtained, free of charge, by visiting the Investor Relations section of Huntington's website, www.huntington-ir.com, and requesting printed materials.

ANALYST AND INVESTOR CONTACTS

Analysts and investors seeking information about Huntington should contact Investor Relations at:

huntington.investor.relations@huntington.com

Huntington Center, HC0935
41 South High Street
Columbus, OH 43287

Retail Shareholder Inquiries (800) 576-5007

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements. For a discussion of factors that could cause future results to differ from historical performance or those forward-looking statements, see "Forward-Looking Statements" and "Item 1A. Risk Factors" of the included Annual Report on Form 10-K.

Huntington Bancshares Incorporated

Huntington Center | 41 South High Street, Columbus, Ohio 43287
800-480-2265 | huntington.com

The papers utilized in the production of this annual report are all certified for Forest Stewardship Council (FSC®) standards, which promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests. This annual report was printed by DG3 North America. DG3's facility uses exclusively vegetable based inks, 100% renewable wind energy, and releases zero VOCs into the environment.