Section 1: 10-K (10-K)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016
or
[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission File No. 001-10253

TCF Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware	**41-1591444**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Lake Street East
Wayzata, Minnesota 55391-1693
(Address and Zip Code of principal executive offices)
(952) 745-2760
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock (par value $.01 per share)	New York Stock Exchange
Depositary Shares, each representing a 1/1000th interest in a share of 7.50% Series A Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
6.45% Series B Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Warrants (expiring November 14, 2018)	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 [X] No [ ]

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if smaller reporting company)	Smaller reporting company [ ]

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter as reported by the New York Stock Exchange, was $1,937,412,097.

As of February 16, 2017, there were 170,627,418 shares outstanding of the registrant's common stock, par value $.01 per share, its only outstanding class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Specific portions of the Registrant's definitive Proxy Statement for the 2017 Annual Meeting of Stockholders to be held on April 26, 2017 are incorporated by reference into Part III hereof.

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Part I

Item 1. Business

General

TCF Financial Corporation (together with its direct and indirect subsidiaries, "we," "us," "our," "TCF" or the "Company"), a Delaware corporation incorporated on April 28, 1987, is a national bank holding company based in Wayzata, Minnesota. References herein to "TCF Financial" or the "Holding Company" refer to TCF Financial Corporation on an unconsolidated basis. Its principal subsidiary, TCF National Bank ("TCF Bank"), is headquartered in Sioux Falls, South Dakota. TCF Bank operates bank branches in Illinois, Minnesota, Michigan, Colorado, Wisconsin, Arizona and South Dakota (TCF's primary banking markets). TCF delivers retail banking products in 45 states and commercial banking products in 37 states. TCF also conducts commercial leasing and equipment finance business in all 50 states and, to a limited extent, in foreign countries; commercial inventory finance business in all 50 states and Canada and, to a limited extent, in other foreign countries and indirect auto finance business in all 50 states. TCF generated total revenue, defined as net interest income plus total non-interest income, of $1.3 billion, $1.2 billion and $1.2 billion in the United States in 2016, 2015 and 2014, respectively. International revenue, primarily from Canada, was $25.6 million, $27.3 million and $27.9 million in 2016, 2015 and 2014, respectively.

TCF had total assets of $21.4 billion as of December 31, 2016 and was the 47th largest publicly traded bank holding company in the United States based on total assets at September 30, 2016.

TCF provides convenient financial services through multiple channels in its primary banking markets. TCF has developed products and services designed to meet the specific needs of the largest consumer segments in the market. The Company focuses on attracting and retaining customers through service and convenience, including select locations open seven days a week with extended hours and on most holidays, full-service supermarket branches, access to automated teller machine ("ATM") networks and digital banking channels. TCF's philosophy is to generate interest income, fees and other revenue growth through business lines that emphasize higher yielding assets and low interest cost deposits. TCF's growth strategies include organic growth in existing businesses, development of new products and services, new customer acquisition and acquisitions of portfolios or businesses. New products and services are designed to build on existing businesses and expand into complementary products and services through strategic initiatives. Funded generally through retail deposit generation, TCF continues to focus on profitable asset growth.

Effective January 1, 2016, the Company changed its reportable segments to align with the way the Company is now managed. The revised presentation of previously reported segment data has been applied retroactively to all periods presented in these financial statements. The new reportable segments are Consumer Banking, Wholesale Banking and Enterprise Services. Previously, the Company's reportable segments were Lending, Funding and Support Services. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations ("Management's Discussion and Analysis") - Results of Operations - Reportable Segment Results" and Note 22, Business Segments of Notes to Consolidated Financial Statements for information regarding net income (loss), assets and revenues for each of TCF's reportable segments.

Consumer Banking

Consumer Banking is comprised of all of the Company's consumer-facing businesses and includes retail banking, consumer real estate and auto finance. TCF's consumer banking strategy is primarily to generate deposits to use for funding high credit quality secured loans and leases. Loans are originated for investment and for sale. Deposits are generated from consumers and small businesses to provide a source of low cost funds, with a focus on building and maintaining quality customer relationships. The Consumer Banking reportable segment generates a significant portion of the Company's net interest income and non-interest income from fees and service charges, card revenue, ATM revenue, gains on sales of loans and servicing fee income and incurs a significant portion of the Company's provision for credit losses and non-interest expense.

Retail Banking TCF offers an array of solutions for consumers and small businesses through its physical and digital distribution channels. TCF offers a broad selection of deposit and lending products including (i) checking and savings accounts, (ii) credit, debit and prepaid cards, (iii) check cashing and remittance services and (iv) residential, consumer and small business lending.

Deposits are a primary source of TCF's funds for use in lending and for other general business purposes. Deposit inflows and outflows are significantly influenced by general interest rates, market and competitive conditions and other economic factors. Deposits are acquired from within TCF's primary banking markets through (i) checking, savings and money market accounts, (ii) certificates of deposit and (iii) individual retirement accounts. Such deposit accounts provide fee income, including banking fees and service charges. Checking, savings and certain money market accounts are a source of low interest cost funds.

At December 31, 2016, TCF had 339 branches, consisting of 191 traditional branches, 145 supermarket branches and three campus branches. TCF operates 123 branches in Illinois, 98 in Minnesota, 52 in Michigan, 33 in Colorado, 24 in Wisconsin, seven in Arizona and two in South Dakota. TCF currently has plans to close 17 supermarket branches in early 2017. TCF also offers 848 ATMS across TCF's primary banking markets. See "Item 1A. Risk Factors" for additional information regarding the risks related to TCF's supermarket branch relationships.

Non-interest income is a significant source of revenue for TCF and an important component of TCF's results of operations. Providing a wide range of retail banking services is an integral component of TCF's business philosophy. Primary drivers of bank fees and service charges include the number of customers we attract, the customers' level of engagement and the frequency with which the customer uses our solutions. TCF's business philosophy is to offer our customers an "easy-to-bank-with" experience, with multiple solutions that benefit the customer and are consistent with TCF's business philosophy. Customers have convenient access to their funds through their credit, debit and prepaid cards. TCF's card programs are supported by interchange fees paid by retailers.

Consumer Real Estate TCF makes consumer loans for personal, family or household purposes, such as home purchases, debt consolidation and financing of home improvements. TCF's retail lending origination activity primarily consists of consumer real estate secured lending. It also includes originating loans secured by personal property and, to a very limited extent, unsecured personal loans. Consumer loans are made on a fixed-term basis or as a revolving line of credit. Loans are originated for investment and for sale. TCF has two consumer real estate loan sale programs: one that sells nationally originated consumer real estate junior lien loans and the other that originates first mortgage lien loans in its primary banking markets and sells the loans through a correspondent relationship. TCF does not have any consumer real estate subprime lending programs. TCF continues to expand its junior lien lending business through a national lending platform focused on junior lien loans to high credit quality customers.

Auto Finance Gateway One Lending & Finance, LLC ("Gateway One"), headquartered in Anaheim, California, originates and services loans on new and used autos to customers through relationships established with more than 11,400 franchised and independent dealers in all 50 states. Loans are originated for investment and for sale. Gateway One's business strategy is to maintain strong relationships with key personnel at the dealerships. These relationships are a significant driver in generating volume and executing a high-touch underwriting approach to minimize credit losses.

Wholesale Banking

Wholesale Banking is comprised of commercial real estate and business lending, leasing and equipment finance and inventory finance. TCF's wholesale banking strategy is primarily to originate high credit quality secured loans and leases for investment.

Commercial Real Estate and Business Lending With an emphasis on secured lending, essentially all of TCF's commercial loans were secured either by properties or other business assets at December 31, 2016 and 2015.

Commercial real estate loans originated by TCF are secured by commercial real estate, including multi-family housing, warehouse and industrial buildings, health care facilities, office buildings, retail services buildings and commercial real estate under construction or development. The commercial real estate portfolio represented 80.2% and 82.4% of TCF's total commercial portfolio at December 31, 2016 and 2015, respectively.

Commercial business loans originated by TCF are secured by various types of business assets including inventory, receivables, equipment or financial instruments. Commercial business loans are used for a variety of purposes, including working capital and financing the purchase of equipment.

Leasing and Equipment Finance TCF provides a broad range of comprehensive lease and equipment finance products addressing the diverse financing needs of small to large companies in a growing number of select market segments including specialty vehicles, construction equipment, golf cart and turf equipment, furniture and fixtures, medical equipment, technology and data processing equipment, and manufacturing equipment. TCF's leasing and equipment finance businesses, TCF Equipment Finance, a division of TCF Bank, and Winthrop Resources Corporation ("Winthrop"), finance equipment in all 50 states and, to a limited extent, in foreign countries. TCF Equipment Finance delivers equipment finance solutions primarily to small and mid-size companies in various industries with significant diversity in the types of underlying equipment. Winthrop focuses on providing customized lease financing to meet the special needs of mid-size and large companies and health care facilities that procure high-tech essential business equipment such as computers, servers, telecommunication equipment, medical equipment and other technology equipment.

Inventory Finance TCF Inventory Finance, Inc. ("TCF Inventory Finance") originates commercial variable-rate loans which are secured by the underlying floorplan equipment and supported by repurchase agreements from original equipment manufacturers. The operation focuses on establishing relationships with distributors, dealer buying groups and manufacturers, giving TCF access to thousands of independent retailers primarily in the areas of powersports and lawn and garden. TCF Inventory Finance operates in all 50 states and Canada and, to a limited extent, in other foreign countries. TCF Inventory Finance's portfolio balances are impacted by seasonal shipments and sales activities as dealers receive inventory shipments in anticipation of the upcoming selling season while carrying current season product. In 2009, TCF Inventory Finance formed a joint venture with The Toro Company ("Toro") called Red Iron Acceptance, LLC ("Red Iron"). Red Iron provides U.S. distributors and dealers and select Canadian distributors of the Toro® and Exmark® brands with reliable, cost-effective sources of financing. TCF maintains a 55% ownership interest in Red Iron, with Toro owning the other 45%.

Enterprise Services

Enterprise Services is comprised of (i) corporate treasury, which includes the Company's investment and borrowing portfolios and management of capital, debt and market risks, (ii) corporate functions, such as information technology, risk and credit management, bank operations, finance, investor relations, corporate development, legal and human resources, that provide services to the operating segments, (iii) the Holding Company and (iv) eliminations. The Company's investment portfolio accounts for the earning assets within this segment. Borrowings may be used to offset reductions in deposits or to support lending activities. This segment also includes residual revenues and expenses representing the difference between actual amounts incurred by Enterprise Services and amounts allocated to the operating segments, including interest rate risk residuals, such as funds transfer pricing mismatches.

Corporate Treasury Corporate Treasury's primary responsibility is management of liquidity, capital, interest rate risk, and investment and borrowing portfolios. Corporate Treasury has authority to invest in various types of liquid assets including, but not limited to, U.S. Department of the Treasury obligations and securities of various federal agencies and U.S. Government sponsored enterprises, obligations of states and political subdivisions, deposits of insured banks, bankers' acceptances and federal funds. Corporate Treasury also has the authority to enter into wholesale borrowing transactions which may be used to compensate for reductions in deposit inflows or net deposit outflows, or to support lending, leasing and other expansion activities. These borrowings may include Federal Home Loan Bank ("FHLB") advances, brokered deposits, repurchase agreements, federal funds and other permitted borrowings from creditworthy counterparties.

Information concerning TCF's FHLB advances, repurchase agreements, federal funds and other borrowings is set forth in "Item 7. Management's Discussion and Analysis - Consolidated Financial Condition Analysis - Borrowings" and in Note 10, Short-term Borrowings and Note 11, Long-term Borrowings of Notes to Consolidated Financial Statements.

Other Information

Activities of Subsidiaries of TCF TCF's business operations include those conducted by direct and indirect subsidiaries of TCF Financial, all of which are consolidated for purposes of preparing TCF's consolidated financial statements. TCF Bank's subsidiaries principally engage in leasing, inventory finance and auto finance activities. See "Consumer Banking" and "Wholesale Banking" above for more information.

Competition TCF competes with a number of depository institutions and financial service providers primarily based on price and service and faces significant competition in attracting and retaining deposits and in lending activities. Direct competition for deposits comes primarily from banks, savings institutions, credit unions and investment banks. Additional significant competition for deposits comes from institutions selling money market mutual funds and corporate and government securities. TCF competes for the origination of loans with banks, mortgage bankers, mortgage brokers, consumer and commercial finance companies, credit unions, insurance companies and savings institutions. TCF also competes nationwide with other companies and banks in the financing of equipment, inventory and automobiles, leasing of equipment and consumer real estate junior lien loans. The expanded use of the internet and the growth of financial-technology companies partnering with financial services providers has increased competition for loan, lease and deposit products.

Employees As of December 31, 2016, TCF had 6,427 employees, including 908 part-time employees. TCF provides its employees with comprehensive benefits, some of which are provided on a contributory basis, including medical and dental plans, a 401(k) savings plan with a company matching contribution, life insurance and short- and long-term disability coverage.

Regulation

TCF Financial, as a publicly held bank holding company, and TCF Bank, which has deposits insured by the Federal Deposit Insurance Corporation ("FDIC"), are subject to extensive regulation. Among other things, TCF Financial and TCF Bank are subject to minimum capital requirements, lending and deposit restrictions and numerous other requirements. TCF Financial's primary regulator is the Federal Reserve and TCF Bank's primary regulator is the Office of the Comptroller of the Currency ("OCC"). TCF's consumer products are also regulated by the Consumer Financial Protection Bureau ("CFPB").

Regulatory Capital Requirements TCF Financial and TCF Bank are subject to various regulatory capital requirements administered by the federal banking agencies as described below. These regulatory agencies are required by law to take prompt action when institutions are viewed as engaging in unsafe or unsound practices or do not meet certain minimum capital standards.

In July 2013, the Board of Governors of the Federal Reserve System, the OCC and FDIC approved final rules (the "Final Capital Rules") implementing revised capital requirements to reflect the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and the Basel III international capital standards. The Final Capital Rules became applicable to TCF on January 1, 2015 with conservation buffers phasing in over the subsequent five years. Among other things, the Final Capital Rules established a new capital ratio of common equity Tier 1 capital of 4.5% and a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets; increased the minimum Tier 1 capital ratio from 4.0% to 6.0% and included a minimum leverage ratio of 4.0%; placed an emphasis on common equity Tier 1 capital and changed the risk weights assigned to certain instruments. Failure to meet these standards would result in limitations on capital distributions as well as executive bonuses. TCF and TCF Bank exceeded the Basel III capital standards as of December 31, 2016. See Note 14, Regulatory Capital Requirements of Notes to Consolidated Financial Statements for additional information.

Restrictions on Distributions TCF Financial's ability to pay dividends is subject to limitations imposed by the Federal Reserve. In general, Federal Reserve regulatory guidelines require the board of directors of a bank holding company to consider a number of factors in determining the payment of dividends, including the quality and level of current and future earnings.

Dividends or other capital distributions from TCF Bank to TCF Financial are an important source of funds to enable TCF Financial to pay dividends on its preferred and common stock, to pay TCF Financial's obligations or to meet other cash needs. The ability of TCF Financial and TCF Bank to pay dividends depends on regulatory policies and regulatory capital requirements and may be subject to regulatory approval.

In general, TCF Bank may not declare or pay a dividend to TCF Financial in excess of 100% of its net retained earnings for the current year combined with its net retained earnings for the preceding two calendar years without prior approval of the OCC. The OCC also has the authority to prohibit the payment of dividends by a national bank when it determines such payments would constitute an unsafe and unsound banking practice. TCF Bank's ability to make capital distributions in the future may require regulatory approval and may be restricted by its regulatory authorities. TCF Bank's ability to make any such distributions will also depend on its earnings and ability to meet minimum regulatory capital requirements in effect during future periods. These capital adequacy standards may be higher in the future than existing minimum regulatory capital requirements.

In addition, income tax considerations may limit the ability of TCF Bank to make dividend payments in excess of its current and accumulated tax earnings. Annual dividend distributions in excess of earnings could result in a tax liability based on the amount of excess earnings distributed and current tax rates.

Regulation of TCF and Affiliates and Insider Transactions TCF Financial is subject to Federal Reserve regulations, examinations and reporting requirements applicable to bank holding companies. Subsidiaries of bank holding companies, like TCF Bank, are subject to certain restrictions in their dealings with holding company affiliates.

A holding company must serve as a source of strength for its subsidiary banks, and the Federal Reserve may require a holding company to contribute additional capital to an undercapitalized subsidiary bank. In addition, the OCC may assess TCF Financial if it believes the capital of TCF Bank has become impaired. If TCF Financial were to fail to pay such an assessment within three months, the Board of Directors would be required to cause the sale of TCF Bank's stock to cover a deficiency in the capital. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank would be assumed by the bankruptcy trustee and may be entitled to priority over other creditors.

Under the Bank Holding Company Act of 1956 ("BHCA"), Federal Reserve approval is required before acquiring more than 5% control, or substantially all of the assets, of another bank, or bank holding company, or merging or consolidating with such a bank or bank holding company. The BHCA also generally prohibits a bank holding company, with certain exceptions, from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, providing services for its subsidiaries, or conducting activities permitted by the Federal Reserve as being closely related to the business of banking. Further restrictions or limitations on acquisitions or establishing financial subsidiaries may also be imposed by TCF's regulators or examiners.

Restrictions on Acquisitions and Changes in Control Under federal and state law, merger and branch acquisition transactions may be subject to certain restrictions, including certain nationwide and statewide insured deposit maximum concentration levels or other limitations. In addition, federal and state laws and regulations contain a number of provisions which impose restrictions on changes in control of financial institutions such as TCF Bank, and which require regulatory approval prior to any such changes in control.

Insurance of Accounts TCF Bank is a member of the FDIC, which maintains the Deposit Insurance Fund ("DIF"). The FDIC insures deposits up to prescribed limits for each depositor through the DIF, which is funded through assessments on member institutions. To maintain the DIF, member institutions are assessed an insurance premium based on an assessment base and an assessment rate.

The Dodd-Frank Act gave the FDIC much greater discretion to manage the DIF and also changed the assessment base from domestic deposits to average total assets less tangible equity. Additionally, the Dodd-Frank Act raised the minimum designated reserve ratio ("DRR") to 1.35% of estimated insured deposits from 1.15% and required this new minimum be reached by September 30, 2020. On July 1, 2016 an additional surcharge of 4.5 cents for each $100 of an institution's assessment base in excess of $10.0 billion went into effect to ensure the DRR reaches this new minimum by the required date. The DIF ratio calculated by the FDIC using estimated insured deposits as of September 30, 2016 was 1.18%.

In 2016, insurance premiums on bank deposits insured by the FDIC for banks with at least $10.0 billion in total assets ranged from 1.5 cents to 40 cents per $100 of the institution's assessment base. TCF's FDIC insurance expense was $15.9 million, $20.3 million and $25.1 million in 2016, 2015 and 2014, respectively.

In addition to deposit insurance premium assessments from the FDIC, additional assessments may be imposed by the Financing Corporation, a separate U.S. government agency affiliated with the FDIC to pay for the interest cost of Financing Corporation bonds. The Financing Corporation assessment rate for 2016 was 56 cents for each $10,000 of the institution's assessment base.

Examinations and Regulatory Sanctions TCF is subject to periodic examination by the Federal Reserve, the OCC, the CFPB and the FDIC. Bank regulatory authorities may impose a number of restrictions or new requirements on institutions, including, but not limited to, growth limitations, dividend restrictions, increased regulatory capital requirements, increased loan and lease loss reserve requirements, increased supervisory assessments, activity limitations or other restrictions that could have an adverse effect on such institutions, their holding companies or holders of their debt and equity securities. Various enforcement remedies, including civil money penalties, may be assessed against an institution or an institution's directors, officers, employees, agents or independent contractors. Certain enforcement actions may not be publicly disclosed by TCF or its regulatory authorities. Subsidiaries of TCF Bank are also subject to state and/or self-regulatory organization licensing, regulation and examination requirements in connection with certain activities. See "Item 1A. Risk Factors."

National Bank Investment Limitations Permissible investments by national banks are limited by the National Bank Act of 1864, as amended, and by rules of the OCC. Non-traditional bank activities permitted by the Gramm-Leach-Bliley Act of 1999 will subject a bank to additional regulatory limitations or requirements, including a required regulatory capital deduction and application of transactions with affiliates limitations in connection with such activities.

Taxation

Federal Taxation TCF's federal income tax returns are open and subject to examination for 2013 and later tax return years.

State Taxation TCF and/or its subsidiaries currently file tax returns in all state and local taxing jurisdictions which impose corporate income, franchise or other taxes. TCF's various state income tax returns are generally open for the 2012 and later tax return years based on individual state statutes of limitation. The methods of filing and the methods for calculating taxable and apportionable income vary depending upon the laws of each taxing jurisdiction.

Foreign Taxation TCF and/or its subsidiaries currently file tax returns in Canada and certain Canadian provinces which impose corporate income taxes. TCF's various foreign income tax returns are open and subject to examination for 2012 and later tax return years. The methods of filing and the methods for calculating taxable and apportionable income vary depending upon the laws of each taxing jurisdiction.

See "Item 7. Management's Discussion and Analysis - Consolidated Income Statement Analysis - Income Taxes", Note 1, Basis of Presentation and Note 12, Income Taxes of Notes to Consolidated Financial Statements for additional information regarding TCF's income taxes.

Available Information

TCF's website, www.tcfbank.com, includes free access to Company news releases, investor presentations, conference calls to discuss published financial results, TCF's Annual Report and periodic filings required by the U.S. Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports, as soon as reasonably practicable after electronic filing of such material with, or furnishing it to, the SEC. TCF's Compensation, Nominating, and Corporate Governance Committee and Audit Committee charters, Corporate Governance Guidelines, Codes of Ethics and information on all of TCF's securities are also available on this website. Stockholders may request these documents in print free of charge by contacting the Corporate Secretary at TCF Financial Corporation, 200 Lake Street East, Mail Code EX0-01-G, Wayzata, MN 55391-1693.

Item 1A. Risk Factors

An investment in securities issued by TCF, including an investment in TCF's common and preferred stock, involves certain risks that should be considered carefully. The most significant risks that management believes affect TCF are described below. Any of the risks described below may have a material impact on TCF's financial condition, results of operations or reputation. To the extent that any of the information contained in this Annual Report on Form 10-K is forward-looking, the risk factors set forth below also are cautionary statements identifying important factors that could cause TCF's actual results to differ materially from those expressed in any forward-looking statements.

TCF's financial results are significantly affected by general economic and political conditions.

TCF's operations and profitability are impacted by both business and economic conditions generally, as well as those in the local markets in which TCF operates. Economic conditions have a significant impact on the demand for TCF's products and services, as well as the ability of its customers to repay loans and leases, the value of the collateral securing loans and leases, the ability of TCF to sell or securitize loans, the stability of its deposit funding sources and sales revenue at the end of contractual lease terms. A significant decline in general economic conditions caused by inflation, recession, unemployment, changes in securities markets, changes in housing market prices or other factors could impact economic conditions and, in turn, could have a material adverse effect on TCF's financial condition and results of operations.

Additionally, adverse economic conditions may result in a decline in demand for automobiles or equipment that TCF leases or finances, which could result in a decline in the amount of new equipment being placed in service, as well as declines in the values of automobiles and equipment already in service. Adverse economic conditions may also hinder TCF from expanding the inventory or auto finance businesses by limiting its ability to attract and retain manufacturers and dealers as expected. Any such difficulties in TCF's leasing and equipment, inventory and auto finance businesses could have a material adverse effect on its financial condition and results of operations.

TCF's financial results are subject to interest rate risk.

TCF's earnings and cash flows largely depend upon its net interest income. Interest rates are highly sensitive to many factors that are beyond TCF's control, including general economic conditions and policies of various governmental and regulatory agencies, including the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the interest TCF receives on loans, leases and other investments and the amount of interest TCF pays on deposits and other borrowings, but such changes could also affect: (i) TCF's ability to originate loans and leases and attract or retain deposits; (ii) the fair value of TCF's financial assets and liabilities; and (iii) the average duration of TCF's interest-earning assets. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans, leases and other investments, then TCF's net interest income and earnings could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans, leases and other investments fall more quickly than the interest rates paid on deposits and other borrowings. Although management believes it has implemented effective asset and liability management strategies, any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on its financial condition and results of operations.

An inability to obtain needed liquidity could have a material adverse effect on TCF's financial condition and results of operations.

TCF's liquidity could be limited by an inability to access the capital markets or unforeseen outflows of cash, which could arise due to circumstances outside of its control, such as a general market disruption or an operational problem that affects TCF or third parties. TCF's credit rating is important to its liquidity. A reduction or anticipated reduction in TCF's credit ratings could adversely affect the ability of TCF Bank and its subsidiaries to lend and adversely affect its liquidity and competitive position, increase its borrowing costs, limit its access to the capital markets or trigger unfavorable contractual obligations. An inability to meet its funding needs on a timely basis could have a material adverse effect on TCF's financial condition and results of operations.

TCF Financial relies on dividends from TCF Bank for most of its liquidity.

TCF Financial is a separate and distinct legal entity from TCF Bank. TCF Financial's liquidity comes principally from dividends from TCF Bank. These dividends, which are limited by various federal and state regulations, are the principal source of funds TCF Financial uses to pay dividends on its preferred and common stock and to meet its other cash needs. In the event TCF Bank is unable to pay dividends to TCF Financial, it may not be able to pay dividends or other obligations, which could have a material adverse effect on TCF's financial condition and results of operations.

Competition for growth in deposits and evolving payment system developments could increase TCF's funding costs.

TCF relies on bank deposits to be a low cost and stable source of funding. TCF competes with banks and other financial institutions for deposits and it is expected that competition for deposits will continue to increase. If TCF's competitors raise the rates they pay on deposits, TCF may experience either a loss of deposits or an increase in rates paid by TCF to avoid losing deposits. Industry developments involving payment system changes could also impose additional costs. Losses of deposits may require TCF to address its liquidity needs in ways that increase its funding costs. Increased funding costs could reduce TCF's net interest margin and net interest income, which could have a material adverse effect on TCF's financial condition and results of operations.

The soundness of other financial institutions could adversely affect TCF's financial results.

TCF's ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. TCF routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks and other institutional clients. As a result, defaults by, or even speculation regarding the soundness of, any financial institution, or the financial services industry generally, could lead to losses by, or other adverse consequences to, TCF or a counterparty. Many of these transactions expose TCF to credit risk in the event of default of the counterparty or client. In addition, TCF's credit risk may be exacerbated if the collateral held by TCF cannot be realized or is liquidated at prices not sufficient to recover the full amount of the financial exposure. Any such losses could have a material adverse effect on TCF's financial condition and results of operations.

TCF relies on its systems and counterparties, including reliance on other companies for the provision of key components of its business infrastructure, and any failures could have a material adverse effect on its financial condition and results of operations.

TCF settles funds on behalf of financial institutions, other businesses and consumers and receives funds from payment networks, consumers and other paying agents. TCF's businesses depend on their ability to process, record and monitor a large number of complex transactions and process large amounts of information, including employee and financial information. For example, we are currently in the process of a significant project to replace several of our key systems, including our operations, finance and human resources systems. While we expect these systems to be a significant improvement over our current systems, and these initiatives will be completed in phases to allow for appropriate testing and implementation so as to minimize the chance of service interruptions, time delays and cost overruns, we may encounter significant adverse developments in the completion and implementation of these initiatives. These may include significant time delays, cost overruns, and other adverse developments that could result in disruptions to our systems. Although we have plans, policies and procedures designed to prevent or limit the negative effect of these adverse developments, there can be no assurance that these will be successful. Our failure to effectively mitigate or promptly remediate any adverse developments could result in additional unforeseen costs, result in an inability to perform necessary business functions, damage our reputation, result in a loss of customer business or confidence, subject us to regulatory scrutiny, or expose us to litigation or other financial liability, any of which could materially affect us, including our results of operations.

Third party vendors provide key components of TCF's business infrastructure, such as internet connections, network access and transaction and other processing services. While TCF has selected these third party vendors carefully, it does not control their actions. Any problems experienced or caused by these third parties, including inadequate or interrupted service, could adversely affect TCF's ability to process, record or monitor transactions, or to deliver products and services to its customers and to conduct its business. Replacing these third party vendors could also entail significant delay and expense.

TCF also may be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control, which may include, for example, computer viruses, electrical or telecommunications outages, natural disasters, terrorist acts or other damage to property or physical assets. Such disruptions may give rise to loss of services to customers and loss or liability to TCF. Any system failure could have a material adverse effect on TCF's financial condition and results of operations. If any of TCF's financial, accounting or other data processing systems fail or if personal information of TCF's customers or clients were mishandled or misused (whether by employees or counterparties), TCF could suffer regulatory consequences, reputational damage and financial losses, any of which could have a material adverse effect on its financial condition and results of operations.

TCF faces cyber-security and other external risks, including "denial of service," "hacking" and "identity theft," that could adversely affect TCF's reputation and could have a material adverse effect on TCF's financial condition and results of operations.

TCF's computer systems and network infrastructure present security risks, and could be susceptible to cyber-attacks, such as denial of service attacks, hacking, terrorist activities or identity theft. Hacking and identity theft risks, in particular, could cause serious financial and reputational harm. Cyber threats are rapidly evolving and TCF may not be able to anticipate or prevent all such attacks. While TCF does not believe it has experienced a material cyber-security breach, TCF experiences periodic threats to its data and systems, including malware and computer virus attacks, attempted unauthorized access of accounts and attempts to disrupt its systems. TCF may incur increasing costs in an effort to minimize these risks, could be held liable for and could suffer reputational damage as a result of, any security breach or loss.

In addition, there have been increasingly sophisticated and large-scale efforts on the part of third parties to breach data security with respect to financial transactions, including by intercepting account information at locations where customers make purchases, as well as through the use of social engineering schemes such as "phishing." For example, many retailers have reported data breaches resulting in the loss of customer information. In the event that third parties are able to misappropriate financial information of TCF's customers, even if such breaches take place due to weaknesses in other parties' internal data security procedures, TCF could suffer reputational damage or financial losses which could have a material adverse effect on its financial condition and results of operations.

The success of TCF's supermarket branches depends on the continued long-term success and viability of TCF's supermarket partners, TCF's ability to maintain licenses or lease agreements for its supermarket locations and customer preferences.

A significant financial decline or change in ownership involving one of TCF's supermarket partners, including Jewel-Osco or SUPERVALU Inc., could result in the loss of supermarket branches or could increase costs to operate the supermarket branches. At December 31, 2016, TCF had 145 supermarket branches. Supermarket banking continues to play an important role in TCF's deposit account strategy. TCF is subject to the risk, among others, that its license or lease for a location or locations will terminate upon the sale or closure of that location or locations by the supermarket partner, or that we may not be able to renew branch leases with our supermarket partners on favorable terms, or at all.

Also, difficult economic conditions, financial or labor difficulties in the supermarket industry, or a decrease in customer utilization of traditional bank branches may reduce activity in TCF's supermarket branches. Although utilization of these branches may decrease, the nature of these leases with our supermarket partners generally do not allow us to terminate significant numbers of individual branches. Because these leases are generally all renewed together, in the event of a decrease in customer utilization there may be limited opportunities to terminate unprofitable branch leases. Any of the above risks could have a material adverse effect on TCF's financial condition and results of operations.

New lines of business or new products and services may subject TCF to additional risk.

From time to time, TCF may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and new products or services, TCF may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business or new product or service could have a significant impact on the effectiveness of TCF's system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and new products or services could have a material adverse effect on TCF's financial condition and results of operations.

Increased competition in the already highly competitive financial services industry could have a material adverse effect on TCF's financial condition and results of operations.

The financial services industry is highly competitive and could become even more competitive as a result of legislative, regulatory and technological changes, as well as continued industry consolidation, which may increase in connection with current economic and market conditions. TCF competes with other commercial banks, savings and loan associations, mutual savings banks, finance companies, mortgage banking companies, credit unions and investment companies. In addition, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally only provided by banks. Some of TCF's competitors have fewer regulatory constraints or lower cost structures. Also, the potential need to adapt to industry changes in information technology systems, on which TCF and the financial services industry generally highly depend, could present operational issues and require considerable capital spending. Further, decreased underwriting standards of competitors may result in lower interest rates on loans originated by TCF or lower loan volumes originated by TCF. As a result, any increased competition in the already highly competitive financial services industry could have a material adverse effect on TCF's financial condition and results of operations.

The allowance for loan and lease losses maintained by TCF may not be sufficient to cover actual losses experienced by TCF, and losses in excess of TCF's allowance could have a material adverse effect on TCF's financial condition and results of operations.

TCF maintains an allowance for loan and lease losses, which is a reserve established through a provision for loan and lease losses charged to expense, which represents management's best estimate of probable credit losses incurred within the existing portfolio of loans and leases. The level of the allowance for loan and lease losses reflects management's continuing evaluation of industry concentrations, specific credit risks, loan and lease loss experience, current loan and lease portfolio quality, present economic, political and regulatory conditions and unidentified losses in the current loan and lease portfolio. The determination of the appropriate level of the allowance for loan and lease losses involves a high degree of subjectivity and requires management to make significant estimates of current credit risks using qualitative and quantitative factors, each of which is subject to significant change. Changes in economic conditions affecting customers, new information regarding existing loans and leases, identification of additional problem loans and leases, lower than expected recoveries in the case of default and other factors may require an increase in the allowance for loan and lease losses. In addition, bank regulatory agencies periodically review TCF's allowance for loan and lease losses and may require an increase in the provision for loan and lease losses or the recognition of additional loan and lease charge-offs, based on judgments different than those of management. An increase in the allowance for loan and lease losses would result in a decrease in net income, and possibly risk-based capital, and could have a material adverse effect on TCF's financial condition and results of operations.

TCF is subject to extensive government regulation and supervision, and changes in applicable laws and regulations, or their enforcement, could have a material adverse effect on TCF's financial results.

TCF Financial, its subsidiary TCF Bank and certain indirect subsidiaries are subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect bank customers, depositors' funds, federal deposit insurance funds and the banking system as a whole, not stockholders. These regulations affect TCF's revenues, lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Many new banking rules are issued with limited interpretive guidance.

Future changes in regulations, regulatory policies, interpretation and enforcement of statutes, regulations or policies could result in reduced revenues, increased compliance burdens, additional costs, limits on the types of financial services and products we may offer or increased competition from non-banks offering competing financial services and products, among other things. Future legislative and regulatory initiatives cannot be fully or accurately predicted. Such proposals may impose more stringent standards than currently applicable or anticipated with respect to capital and liquidity requirements for depository institutions. For example, the CFPB has examination and enforcement authority over TCF Bank and its subsidiaries, and broad rulemaking authority to administer and carry out the purposes and objectives of the federal consumer financial laws with respect to all financial institutions that offer financial products and services to consumers. The CFPB is authorized to make rules identifying and prohibiting acts or practices that are unfair, deceptive or abusive in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. Uncertainties remain concerning how the term "abusive" will be enforced. In recent years there has been an increase in the frequency of enforcement actions brought by regulatory agencies, such as the CFPB, dealing with matters such as indirect auto lending, fair lending, account fees, loan servicing and other products and services provided to customers.

For example, on January 19, 2017, the CFPB filed a civil lawsuit against TCF Bank in the United States District Court for the District of Minnesota, captioned Consumer Financial Protection Bureau v. TCF National Bank, alleging violations of the Consumer Financial Protection Act and Regulation E, §1005.17, in connection with TCF Bank’s practices administering checking account overdraft program "opt-in" requirements from 2010 to early 2014. In its complaint, the CFPB seeks, among other relief, redress for consumers, injunctive relief and unspecified penalties. TCF Bank rejects the claims made by the CFPB in its complaint and intends to vigorously defend against the CFPB's allegations. However, the ultimate resolution of this lawsuit and any other proceeding, action or matter arising from the same or similar facts or practices is uncertain, and this lawsuit and any other such proceedings, actions or matters may result in costs, losses, fines, penalties, restitution, injunctive relief, changes to our business practices and regulatory scrutiny, enforcement or restrictions which, individually or in the aggregate, could have a material adverse effect on our reputation, results of operations, cash flows, financial position, ability to offer certain products and business and prospects generally.

While TCF has policies and procedures designed to prevent violations of laws, regulations and regulatory policies, and to ensure compliance with new or changed laws, regulations and regulatory policies, there can be no assurance that violations will not occur, and failure to comply could result in reputational damage, remediation, disgorgement, penalties, other monetary relief, injunctive relief or changes to TCF's business practices or operations, any of which could have a material adverse effect on its financial condition and results of operations.

TCF's earnings are significantly affected by the fiscal and monetary policies of the federal government and its agencies.

The policies of the Federal Reserve impact TCF significantly. The Federal Reserve regulates the supply of money and credit in the U.S. Its policies directly and indirectly influence the rate of interest earned on loans and leases and paid on borrowings and interest-bearing deposits, and also affect the value of financial instruments that TCF holds. Those policies determine, to a significant extent, the cost of funds for lending and investing. Changes in those policies are beyond TCF's control and are difficult to predict. Federal Reserve policies can also affect TCF's borrowers, potentially increasing the risk that they may fail to repay their loans or leases. For example, a tightening of the money supply by the Federal Reserve could increase unemployment or reduce the demand for a borrower's products and services. This could adversely affect the borrower's earnings and ability to repay its loan or lease. As a result, changes to the fiscal and monetary policies by the Federal Reserve could have a material adverse effect on TCF's financial condition and results of operations.

TCF's framework for managing risks may not be effective in mitigating risk and any resulting loss.

TCF's risk management framework seeks to mitigate risk and any resulting loss. TCF has established processes intended to identify, measure, monitor, report and analyze the types of risk to which TCF is subject, including legal and compliance, operational, reputational, strategic and market risk such as interest rate, credit, liquidity and foreign currency risk. However, as with any risk management framework, there are inherent limitations to TCF's risk management strategies. There may exist, or develop in the future, risks that TCF has not appropriately anticipated or identified. Any future breakdowns in TCF's risk management framework could have a material adverse effect on its financial condition and results of operations.

Damage to TCF's reputation could have a material adverse effect on TCF's financial results.

Reputational risk, or the risk to earnings and capital from negative public opinion, is inherent in TCF's business. Negative public opinion could adversely affect TCF's ability to keep and attract employees and customers and expose it to adverse legal and regulatory consequences. Negative public opinion could result from TCF's actual or alleged conduct in any number of activities, including lending practices, corporate governance, regulatory compliance, mergers and acquisitions, disclosure, sharing or inadequate protection of customer information or from actions taken by government regulators and community organizations in response to such conduct, and could be exacerbated by negative publicity. Because TCF conducts most of its businesses under the "TCF" brand, negative public opinion about one business could affect all of TCF's businesses.

Failure to keep pace with technological change could adversely affect TCF's business.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. TCF's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in its operations. Many of TCF's competitors have substantially greater resources to invest in technological improvements. TCF may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse effect on TCF's financial condition and results of operations.

The Company is subject to certain risks related to originating and selling loans that could have a material adverse effect on TCF's financial condition and results of operations.

TCF relies on the sale and securitization of loans to generate earnings and manage its liquidity and capital levels, as well as geographical and product diversity in its loan portfolio. Disruptions in the financial markets, changes to regulations that reduce the attractiveness of such loans to purchasers of the loans, or a decrease in the willingness of purchasers to purchase loans from TCF, or in general, could require TCF to decrease its lending activities or retain a greater portion of the loans it originates. Selling fewer loans would result in a decrease in the gains recognized on the sale of loans, would decrease TCF's capital ratios as a result of the increase of risk weighted assets, could result in decreased liquidity, and could result in increased credit risk as TCF's loan portfolio increased in size, any of which could have a material adverse effect on TCF's financial condition and results of operations.

The structure of certain loan sales and securitizations may result in the retention of credit risk. TCF may receive interest-only strips in connection with certain of its loan sales. The interest-only strip is recorded at fair value, which represents the present value of future cash flows expected to be received by TCF. The value of these interest-only strips may be affected by factors such as changes in the behavior patterns of customers (including defaults and prepayments), changes in the strength of the economy and developments in the interest rate markets; therefore, actual performance may differ from TCF's expectations. The impact of such factors could have a material adverse effect on the value of these interest-only strips and on TCF's financial condition and results of operations. In addition, pursuant to rules recently adopted as part of Dodd-Frank, sponsors of a securitization are required to retain at least a five percent economic interest in securitized assets which they are prohibited from hedging. As a result, future securitization transactions executed by TCF will result in retention of credit risk associated with the assets securitized.

When loans are sold or securitized, it is customary to make representations, warranties and covenants to the purchaser or investors about the loans, including the manner in which they were originated and will be serviced. These agreements generally require the repurchase of loans or indemnification in the event TCF breaches these representations, warranties or covenants and such breaches are not cured. In addition, some agreements contain a requirement to repurchase loans as a result of early payoffs by the borrower, early payment default of the borrower, or the failure to obtain valid title. TCF has not made significant repurchases of sold loans. A material increase in the amount of loans repurchased could have a material adverse effect on TCF's financial condition and results of operations.

Financial institutions depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions, TCF may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. TCF may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other financial information could cause TCF to enter into unfavorable transactions, which could have a material adverse effect on TCF's financial condition and results of operations.

The failure to attract and retain key personnel could have a material adverse effect on TCF's financial condition and results of operations.

TCF's success depends to a large extent upon its key personnel, including its ability to attract and retain such personnel. The loss of key personnel could have a material adverse impact on TCF's business because of their skills, market knowledge, industry experience and the difficulty of promptly finding qualified replacements. Additionally, portions of TCF's business are relationship driven, and many of TCF's key personnel have extensive customer relationships. Loss of key personnel to a competitor could result in the loss of some of TCF's customers. As a result, a failure to attract and retain key personnel could have a material adverse effect on TCF's financial condition and results of operations.

Acquisitions may disrupt TCF's business and dilute stockholder value.

TCF regularly evaluates merger and acquisition opportunities and conducts due diligence activities related to possible transactions with banks or other financial institutions. As a result, negotiations may take place and future mergers or acquisitions involving cash, debt or equity securities may occur at any time. Acquiring other banks, businesses or branches involves various risks, such as: difficulty in estimating the value of the target company; payment of a premium over book and market values that may dilute TCF's tangible book value and earnings per share in the short- and long-term; potential exposure to unknown or contingent liabilities of the target company; exposure to potential asset quality issues of the target company; volatility in reported income as goodwill impairment losses could occur irregularly and in varying amounts; difficulty and expense of integrating the operations and personnel of the target company; inability to realize the expected revenue increases, cost savings, increases in geographic or product presence or other projected benefits; potential disruption to TCF's business; potential diversion of TCF management's time and attention; potential loss of key employees and customers of TCF or the target company; and potential changes in banking or tax laws or regulations that may affect the target company, any of which could have a material adverse effect on TCF's financial condition and results of operations.

Consumers may decide not to use banks to complete their financial transactions.

Technology and other changes are allowing consumers to complete financial transactions through alternative methods that historically have involved banks. For example, consumers can now maintain funds that would have previously been held as bank deposits in brokerage accounts, mutual funds or general-purpose reloadable prepaid cards. Consumers can also complete transactions such as paying bills and transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the loss of lower-cost deposits as a source of funds could have a material adverse effect on TCF's financial condition and results of operations.

Changes in accounting policies or in accounting standards could materially affect how TCF reports its financial condition and results of operations.

TCF's accounting policies are fundamental to the understanding of its financial condition and results of operations. Some of these policies require the use of estimates and assumptions that may affect the value of TCF's assets or liabilities and results of operations. Some of TCF's accounting policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because materially different amounts would be reported if different estimates or assumptions were used. If such estimates or assumptions underlying the financial statements are incorrect, TCF could experience material losses. From time to time the Financial Accounting Standards Board and the SEC change the financial accounting and reporting standards or the interpretation of those standards that govern the preparation of TCF's financial statements. These changes are beyond TCF's control, can be difficult to predict and could materially impact how TCF reports its financial condition and results of operations. Additionally, TCF could be required to apply a new or revised standard retrospectively, resulting in it restating prior period financial statements in material amounts.

TCF is subject to examinations and challenges by tax authorities that could adversely affect TCF's results of operations and financial condition.

TCF is subject to federal, state, and foreign income tax regulations, which often require interpretation due to their complexity. Changes in income tax regulations or in how the regulations are interpreted could have a material adverse effect on TCF's results of operations. In the normal course of business, TCF is routinely subject to examinations and challenges from taxing authorities, regarding its tax positions. Taxing authorities have been aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to tax compliance, sales and use, franchise, gross receipts, payroll, property and income tax issues, including tax base, apportionment and tax credit planning. These challenges may result in adjustments to the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in TCF's favor, they could have a material adverse effect on TCF's financial condition and results of operations.

Significant legal actions could subject TCF to substantial uninsured liabilities.

TCF can be subject to claims and legal actions related to its operations. These claims and legal actions, including supervisory or enforcement actions by TCF's regulators and other government authorities or private litigation, could result in large monetary awards or penalties, as well as significant defense costs. While TCF maintains insurance coverage in amounts and with deductibles that it believes are appropriate for its operations, such insurance does not cover all types of liability, including regulatory fines or penalties, and may not continue to be available to TCF at a reasonable cost, or at all. As a result, TCF may be exposed to substantial uninsured liabilities, which could have a material adverse effect on TCF's financial condition and results of operations.

In addition, customers may make claims and take legal action pertaining to TCF's sale or servicing of its loan, lease and deposit products. Whether or not such claims and legal action have merit, they may result in significant financial liability and could adversely affect the market perception of TCF and its products and services, as well as impact customer demand for those products and services. Any financial liability or reputational damage could have a material adverse effect on TCF's financial condition and results of operations.

In particular, the financial services industry has increasingly been targeted by lawsuits alleging infringement of patent rights, often from patent holding companies seeking to monetize patents they have purchased or otherwise obtained. Regardless of the scope or validity of such patents or other intellectual property rights, or the merits of any claims by potential or actual litigants, the Company may have to engage in protracted and costly litigation which may be time consuming and disruptive to TCF's operations and management. If the Company is found to infringe on one or more patents or other intellectual property rights, it may be required to pay substantial damages or royalties to a third-party, or it may be subject to a temporary or permanent injunction prohibiting the Company from utilizing certain technologies.

TCF's internal controls may be ineffective.

Management regularly reviews and updates TCF's internal controls, disclosure controls and procedures and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of TCF's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on its financial condition and results of operations.

TCF is subject to environmental liability risk associated with lending activities.

A significant portion of TCF's loan portfolio is secured by real property. In the ordinary course of business, TCF may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, TCF may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require TCF to incur substantial expenses and may materially reduce the affected property's value or limit TCF's ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase TCF's exposure to environmental liability. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on TCF's financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Offices TCF owns its headquarters office in Wayzata, Minnesota. Other operations facilities, located in Minnesota, Illinois, California and South Dakota, are either owned or leased. These facilities are predominantly utilized by the Consumer Banking and Wholesale Banking reportable segments. Several facilities in Minnesota are also utilized by the Enterprise Services reportable segment. At December 31, 2016, TCF owned the buildings and land for 143 of its bank branch offices, owned the buildings but leased the land for 26 of its bank branch offices and leased or licensed the remaining 170 bank branch offices, all of which are functional and appropriately maintained and are utilized by both the Consumer Banking and Wholesale Banking reportable segments. These branch offices are located in Illinois, Minnesota, Michigan, Colorado, Wisconsin, Arizona and South Dakota. For more information on premises and equipment, see Note 7, Premises and Equipment of Notes to Consolidated Financial Statements.

Item 3. Legal Proceedings

From time to time, TCF is a party to legal proceedings arising out of its lending, leasing and deposit operations, including foreclosure proceedings and other collection actions as part of its lending and leasing collections activities. TCF may also be subject to regulatory examinations and enforcement actions brought by federal regulators, including the SEC, the Federal Reserve, the OCC and the CFPB, and TCF's regulatory authorities may impose sanctions on TCF for failures related to regulatory compliance. From time to time, borrowers and other customers, and employees and former employees, have also brought actions against TCF, in some cases claiming substantial damages. TCF and other financial services companies are subject to the risk of class action litigation. Litigation is often unpredictable and the actual results of litigation cannot be determined, and therefore the ultimate resolution of a matter and the possible range of loss associated with certain potential outcomes cannot be established. Except as discussed below, based on our current understanding of TCF's pending legal proceedings, management does not believe that judgments or settlements arising from pending or threatened legal matters, individually or in the aggregate, would have a material adverse effect on the consolidated financial position, operating results or cash flows of TCF.

On January 19, 2017, the CFPB filed a civil lawsuit against TCF Bank in the United States District Court for the District of Minnesota, captioned Consumer Financial Protection Bureau v. TCF National Bank, alleging violations of the Consumer Financial Protection Act and Regulation E, §1005.17 in connection with TCF Bank's practices administering checking account overdraft program "opt-in" requirements from 2010 to early 2014. In its complaint, the CFPB seeks, among other relief, redress for consumers, injunctive relief and unspecified penalties. TCF Bank rejects the claims made by the CFPB in its complaint and intends to vigorously defend against the CFPB’s allegations. However, the ultimate resolution of this lawsuit and any other proceeding, action or matter arising from the same or similar facts or practices is uncertain, and this lawsuit and any other such proceedings, actions or matters may result in costs, losses, fines, penalties, restitution, injunctive relief, changes to our business practices and regulatory scrutiny, enforcement or restrictions which, individually or in the aggregate, could have a material adverse effect on our reputation, results of operations, cash flows, financial position, ability to offer certain products and business and prospects generally.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

TCF's common stock trades on the New York Stock Exchange under the symbol "TCB." As of February 16, 2017, there were 5,751 holders of record of TCF's common stock. The high and low prices and the dividends declared for TCF's common stock were as follows:

	High	Low	Dividends Declared
2016:			
Fourth Quarter	$ 19.97	$ 13.73	$ 0.075
Third Quarter	14.78	11.72	0.075
Second Quarter	14.48	11.62	0.075
First Quarter	13.97	10.37	0.075
2015:			
Fourth Quarter	$ 15.94	$ 13.78	$ 0.075
Third Quarter	17.07	14.35	0.05
Second Quarter	17.29	14.93	0.05
First Quarter	16.31	13.78	0.05

The Board of Directors of TCF Financial and TCF Bank have each adopted a Capital Planning Policy and Dividend Policy. The policies define how enterprise risk related to capital will be managed, how the adequacy of capital will be measured and the process by which capital strategy, capital management and preferred and common stock dividend recommendations will be presented to TCF's Board of Directors. TCF's management is charged with ensuring that capital strategy actions, including the declaration of preferred and common stock dividends, are prudent, efficient and provide value to TCF's stockholders, while ensuring that past and prospective earnings retention is consistent with TCF's capital needs, asset quality, risk profile and overall financial condition. The Board of Directors intends to continue its practice of paying quarterly cash dividends on TCF's common stock as justified by the financial condition of TCF. The declaration and amount of future dividends will depend on circumstances existing at the time, including TCF's earnings, level of internally generated common capital excluding earnings, financial condition and capital requirements, the cash available to pay such dividends (derived mainly from dividends and distributions from TCF Bank), as well as regulatory and contractual limitations and such other factors as the Board of Directors may deem relevant. Dividends for the current dividend period on all outstanding shares of preferred stock must be declared and paid or declared and a sum sufficient for the payment thereof must be set aside before any dividend may be declared or paid on TCF's common stock. In general, TCF Bank may not declare or pay a dividend to TCF Financial in excess of 100% of its net retained profits for that year combined with its net retained profits for the preceding two calendar years without prior approval of the OCC. Restrictions on the ability of TCF Bank to pay cash dividends or possible diminished earnings of TCF may limit the ability of TCF Financial to pay dividends in the future to holders of its preferred and common stock. In addition, the ability of TCF Financial and TCF Bank to pay dividends depends on regulatory policies and capital requirements and may be subject to regulatory approval. See "Item 1. Business - Regulation - Regulatory Capital Requirements", "Item 1. Business - Regulation - Restrictions on Distributions", Note 14, Regulatory Capital Requirements and Note 23, Parent Company Financial Information of Notes to Consolidated Financial Statements.

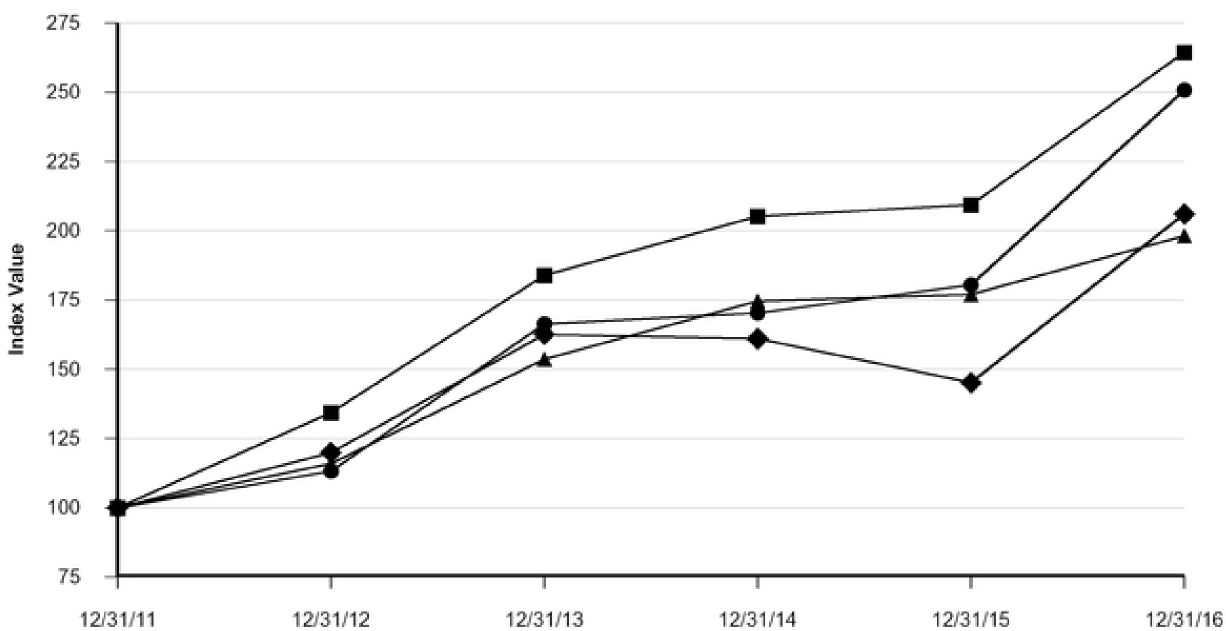
Total Return Performance

The following chart compares the cumulative total stockholder return on TCF common stock over the last five fiscal years with the cumulative total return of the Standard and Poor's ("S&P") 500 Index and the KBW Regional Banking Index (assuming the investment of $100 in each index on December 31, 2011 and reinvestment of all dividends).

TCF has chosen to replace the SNL U.S. Bank and Thrift Index (included in the chart in prior years) with the KBW Regional Banking Index. TCF believes the KBW Regional Banking Index represents a more relevant group of regional banking peers rather than the broader group of banks and thrifts included in the SNL U.S. Bank and Thrift Index. The KBW Regional Banking Index and the SNL U.S. Bank and Thrift Index are both shown below for comparison purposes.

In addition to the required broad equity market index and industry index, TCF previously displayed an extra peer group consisting of all publicly-traded banks and thrifts with total assets ranging from $10.0 billion to $50.0 billion, which TCF utilized for executive compensation purposes. TCF has since discontinued the use of this peer group for this purpose and will no longer include it in the chart below.

TCF Total Stock Return Performance Chart



◆ TCF Financial Corporation ■ SNL U.S. Bank and Thrift Index (old index) p S&P 500 Index ● KBW Regional Banking Index

	Year Ended December 31,					
Index	2011	2012	2013	2014	2015	2016
TCF Financial Corporation	$ 100.00	$ 119.92	$ 162.59	$ 161.02	$ 145.14	$ 206.01
SNL U.S. Bank and Thrift Index (old index)	100.00	134.28	183.86	205.25	209.39	264.35
S&P 500 Index	100.00	116.00	153.57	174.60	177.01	198.18
KBW Regional Banking Index	100.00	113.25	166.31	170.34	180.41	250.80

Source: SNL Financial.

Repurchases of TCF Stock

Share repurchase activity for the quarter ended December 31, 2016 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that May Yet be Purchased Under the Plan
October 1 to October 31, 2016				
Share repurchase program[(1)]	—	$ —	—	5,384,130
Employee transactions[(2)]	1,412	$ 14.39	N.A.	N.A.
November 1 to November 30, 2016				
Share repurchase program[(1)]	—	$ —	—	5,384,130
Employee transactions[(2)]	—	$ —	N.A.	N.A.
December 1 to December 31, 2016				
Share repurchase program[(1)]	—	$ —	—	5,384,130
Employee transactions[(2)]	—	$ —	N.A.	N.A.
Total				
Share repurchase program[(1)]	—	$ —	—	5,384,130
Employee transactions[(2)]	1,412	$ 14.39	N.A.	N.A.

N.A. Not Applicable

(1) The current share repurchase authorization was approved by the Board of Directors on April 14, 2007 and was announced in a press release dated April 16, 2007. The authorization was for a repurchase of up to an additional 5% of TCF's common stock outstanding at the time of the authorization, or 6.5 million shares. TCF has not repurchased shares since October 2007. Future repurchases will be based upon capital levels, growth expectations and market opportunities and may be subject to regulatory approval. The ability to repurchase shares in the future may be adversely affected by new legislation or regulations or by changes in regulatory policies. This authorization does not have an expiration date.

(2) Represents restricted stock withheld pursuant to the terms of awards granted on or prior to April 22, 2015 under the TCF Financial Incentive Stock Program to offset tax withholding obligations that occur upon vesting and release of restricted stock. The TCF Financial Incentive Stock Program provides that the value of shares withheld shall be the average of the high and low prices of common stock of TCF Financial Corporation on the date the relevant transaction occurs.

Item 6. Selected Financial Data

The selected five-year financial summary presented below should be read in conjunction with the Consolidated Financial Statements and related notes. Historical data is not necessarily indicative of TCF's future results of operations or financial condition. See "Item 1A. Risk Factors."

Five-Year Financial Summary

	At or For the Year Ended December 31,				
(Dollars in thousands, except per-share data)	2016	2015	2014	2013	2012
Consolidated Income:					
Net interest income	$ 848,106	$ 820,388	$ 815,629	$ 802,624	$ 780,019
Fees and other revenue	466,481	442,295	432,240	403,094	388,191
Gains (losses) on securities, net	(581)	(297)	1,027	964	102,232
Total revenue	1,314,006	1,262,386	1,248,896	1,206,682	1,270,442
Provision for credit losses	65,874	52,944	95,737	118,368	247,443
Non-interest expense	909,887	894,747	871,777	845,269	811,819
Loss on termination of debt	—	—	—	—	550,735
Income (loss) before income tax expense (benefit)	338,245	314,695	281,382	243,045	(339,555)
Income tax expense (benefit)	116,528	108,872	99,766	84,345	(132,858)
Income attributable to non-controlling interest	9,593	8,700	7,429	7,032	6,187
Net income (loss) attributable to TCF Financial Corporation	212,124	197,123	174,187	151,668	(212,884)
Preferred stock dividends	19,388	19,388	19,388	19,065	5,606
Net income (loss) available to common stockholders	$ 192,736	$ 177,735	$ 154,799	$ 132,603	$ (218,490)
Earnings (loss) per common share:					
Basic	$ 1.15	$ 1.07	$ 0.95	$ 0.82	$ (1.37)
Diluted	$ 1.15	$ 1.07	$ 0.94	$ 0.82	$ (1.37)
Dividends declared	$ 0.30	$ 0.225	$ 0.20	$ 0.20	$ 0.20
Consolidated Financial Condition:					
Loans and leases	$ 17,843,827	$ 17,435,999	$ 16,401,646	$ 15,846,939	$ 15,425,724
Total assets	21,441,326	20,689,609	19,393,656	18,378,769	18,224,736
Deposits	17,242,522	16,719,989	15,449,882	14,432,776	14,050,786
Borrowings	1,077,572	1,039,938	1,235,535	1,487,172	1,932,634
Total equity	2,444,645	2,306,917	2,135,364	1,964,759	1,876,643
Book value per common share	12.66	11.94	11.10	10.23	9.79
Financial Ratios:					
Return on average assets	1.05%	1.03%	0.96%	0.87%	(1.14)%
Return on average common equity	9.13	9.19	8.71	8.12	(13.33)
Net interest margin[(1)]	4.34	4.42	4.61	4.68	4.65
Average total equity to average assets	11.36	11.15	10.89	10.46	9.66
Dividend payout ratio	26.09	21.03	21.28	24.30	(14.60)
Credit Quality Ratios:					
Non-accrual loans and leases as a percentage of total loans and leases	1.02%	1.15%	1.32%	1.75%	2.46 %
Non-accrual loans and leases and other real estate owned as a percentage of total loans and leases and other real estate owned	1.28	1.43	1.71	2.17	3.07
Allowance for loan and lease losses as a percentage of total loans and leases	0.90	0.90	1.00	1.59	1.73
Net charge-offs as a percentage of average loans and leases	0.26	0.30	0.49	0.81	1.54

(1) Net interest income on a fully tax-equivalent basis divided by average interest-earning assets.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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Management's discussion and analysis of the consolidated financial condition and results of operations of TCF Financial Corporation should be read in conjunction with "Part I, Item 1A. Risk Factors," "Item 6. Selected Financial Data" and "Item 8. Consolidated Financial Statements."

Overview

TCF Financial Corporation (together with its direct and indirect subsidiaries, "we," "us," "our," "TCF" or the "Company"), a Delaware corporation, is a national bank holding company based in Wayzata, Minnesota. References herein to "TCF Financial" or the "Holding Company" refer to TCF Financial Corporation on an unconsolidated basis. Its principal subsidiary, TCF National Bank ("TCF Bank"), is headquartered in Sioux Falls, South Dakota. At December 31, 2016, TCF had 339 bank branches in Illinois, Minnesota, Michigan, Colorado, Wisconsin, Arizona and South Dakota (TCF's primary banking markets). At December 31, 2015, TCF's primary banking markets also included Indiana.

TCF provides convenient financial services through multiple channels in its primary banking markets. TCF has developed products and services designed to meet the specific needs of the largest consumer segments in the market. The Company focuses on attracting and retaining customers through service and convenience, including select locations open seven days a week with extended hours and on most holidays, full-service supermarket branches, access to automated teller machine ("ATM") networks and digital banking channels. TCF's philosophy is to generate interest income, fees and other revenue growth through business lines that emphasize higher yielding assets and low interest cost deposits. TCF's growth strategies include organic growth in existing businesses, development of new products and services, new customer acquisition and acquisitions of portfolios or businesses. New products and services are designed to build on existing businesses and expand into complementary products and services through strategic initiatives. Funded generally through retail deposit generation, TCF continues to focus on profitable asset growth.

Net interest income, the difference between interest income earned on loans and leases, securities, investments and other interest-earning assets (interest income) and interest paid on deposits and borrowings (interest expense), represented 64.5% of TCF's total revenue for 2016, compared with 65.0% and 65.3% for 2015 and 2014, respectively. Net interest income can change significantly from period to period based on interest rates, customer prepayment patterns, the volume and mix of interest-earning assets and the volume and mix of interest-bearing and non-interest bearing deposits and interest-bearing borrowings. TCF manages the risk of changes in interest rates on its net interest income through a management Asset & Liability Committee and through related interest rate risk monitoring and management policies. See "Part I, Item 1A. Risk Factors" and "Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk" for further discussion.

Non-interest income is a significant source of revenue for TCF and an important component of TCF's results of operations. Providing a wide range of retail banking services is an integral component of TCF's business philosophy. Primary drivers of bank fees and service charges include the number of customers we attract, the customers' level of engagement and the frequency with which the customer uses our solutions. As an effort to diversify TCF's non-interest income sources and manage credit concentration risk, TCF sells or securitizes loans, primarily in consumer real estate and auto finance, which result in gains on sales as well as increased servicing fee income through the growth of the portfolio of loans sold with servicing retained by TCF. Primary drivers of gains on sales include TCF's ability to originate loans held for sale, identify loan buyers and execute loan sales. In addition, growth in the leasing and equipment finance lending business results in increased non-interest income from operating and sales-type leases.

The following portions of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("Management's Discussion and Analysis") focus in more detail on the results of operations for 2016, 2015 and 2014 and on information about TCF's balance sheet, loan and lease portfolio, liquidity, funding resources, capital and other matters.

Results of Operations

Performance Summary TCF reported diluted earnings per common share of $1.15 for 2016, compared with $1.07 and 94 cents for 2015 and 2014, respectively. TCF reported net income of $212.1 million for 2016, compared with $197.1 million and $174.2 million for 2015 and 2014, respectively.

Return on average assets was 1.05% for 2016, compared with 1.03% and 0.96% for 2015 and 2014, respectively. Return on average common equity was 9.13% for 2016, compared with 9.19% and 8.71% for 2015 and 2014, respectively.

Consolidated Income Statement Analysis

Net Interest Income Net interest income represented 64.5% of TCF's total revenue for 2016, compared with 65.0% and 65.3% for 2015 and 2014, respectively. Net interest income was $848.1 million for 2016, compared with $820.4 million and $815.6 million for 2015 and 2014, respectively. Net interest income increased $27.7 million, or 3.4% in 2016 and increased $4.8 million, or 0.6% in 2015. Average loans and leases increased $581.1 million, or 3.4% in 2016 and increased $720.7 million, or 4.4% in 2015. Average securities available for sale increased $570.4 million, or 88.4% in 2016 and increased $198.1 million, or 44.3% in 2015. The average yield on interest-earning assets on a fully tax-equivalent basis was 4.76%, 4.80% and 4.94% in 2016, 2015 and 2014, respectively. Average deposits increased $1.2 billion, or 7.2% in 2016 and increased $1.0 billion, or 6.7% in 2015. The average rate on the deposits was 0.36%, 0.30% and 0.26% in 2016, 2015 and 2014, respectively.The increase in net interest income in 2016 was primarily due to higher average balances of loans and leases and securities available for sale, partially offset by a lower average yield on the interest-earning assets and higher interest expense on certificates of deposit due to growth and higher rates paid as a result of special campaigns to fund interest-earning assets growth. The increase in 2015 was primarily driven by higher average loan and lease balances in the auto finance, leasing and equipment finance and inventory finance portfolios, partially offset by margin reduction resulting from the competitive, low interest rate environment.

Net interest income on a fully tax-equivalent basis divided by average interest-earning assets is referred to as the net interest margin, expressed as a percentage. Net interest income and net interest margin are affected by (i) changes in prevailing short- and long-term interest rates, (ii) loan and deposit pricing strategies and competitive conditions, (iii) the volume and mix of interest-earning assets, non-interest bearing deposits and interest-bearing liabilities, (iv) the level of non-accrual loans and leases and other real estate owned and (v) the impact of modified loans and leases.

Net interest margin was 4.34% for 2016, compared with 4.42% and 4.61% for 2015 and 2014, respectively. The decrease in 2016 was primarily due to margin compression resulting from the competitive, low interest rate environment and higher rates on certificates of deposit. The decrease in 2015 was primarily due to margin compression resulting from the competitive, low interest rate environment and higher rates on certificates of deposit and money market accounts, as well as a change in the asset portfolio mix due to growth in the auto finance business.

TCF's average balances, interest, and yields and rates on major categories of TCF's interest-earning assets and interest-bearing liabilities on a fully tax-equivalent basis were as follows:

	Year Ended December 31,								
	2016			2015			Change		
(Dollars in thousands)	Average Balance	Interest[1]	Yields and Rates[1]	Average Balance	Interest[1]	Yields and Rates[1]	Average Balance	Interest	Yields and Rates (bps)
Assets:									
Investments and other	$ 319,582	$ 9,314	2.91%	$ 520,577	$ 12,294	2.36%	$ (200,995)	$ (2,980)	55
Securities held to maturity	190,863	4,649	2.44	207,140	5,486	2.65	(16,277)	(837)	(21)
Securities available for sale:[2]									
Taxable	719,743	16,238	2.26	564,205	13,930	2.47	155,538	2,308	(21)
Tax-exempt[3]	495,708	15,900	3.21	80,894	2,643	3.27	414,814	13,257	(6)
Loans and leases held for sale	479,401	39,648	8.27	286,295	25,766	9.00	193,106	13,882	(73)
Loans and leases:[4]									
Consumer real estate:									
Fixed-rate	2,285,647	130,753	5.72	2,710,512	157,428	5.81	(424,865)	(26,675)	(9)
Variable- and adjustable-rate	2,948,482	156,919	5.32	2,911,689	149,770	5.14	36,793	7,149	18
Total consumer real estate	5,234,129	287,672	5.50	5,622,201	307,198	5.46	(388,072)	(19,526)	4
Commercial:									
Fixed-rate	972,107	47,445	4.88	1,173,039	59,037	5.03	(200,932)	(11,592)	(15)
Variable- and adjustable-rate	2,154,774	85,996	3.99	1,961,389	76,677	3.91	193,385	9,319	8
Total commercial	3,126,881	133,441	4.27	3,134,428	135,714	4.33	(7,547)	(2,273)	(6)
Leasing and equipment finance	4,106,718	183,029	4.46	3,804,015	175,565	4.62	302,703	7,464	(16)
Inventory finance	2,414,684	140,453	5.82	2,154,357	122,799	5.70	260,327	17,654	12
Auto finance	2,693,041	110,651	4.11	2,278,617	94,463	4.15	414,424	16,188	(4)
Other	9,538	548	5.74	10,303	712	6.91	(765)	(164)	(117)
Total loans and leases	17,584,991	855,794	4.87	17,003,921	836,451	4.92	581,070	19,343	(5)
Total interest-earning assets	19,790,288	941,543	4.76	18,663,032	896,570	4.80	1,127,256	44,973	(4)
Other assets[5]	1,285,127			1,226,645			58,482		
Total assets	$ 21,075,415			$ 19,889,677			$ 1,185,738		
Liabilities and Equity:									
Non-interest bearing deposits:									
Retail	$ 1,778,707			$ 1,658,951			$ 119,756		
Small business	884,192			838,758			45,434		
Commercial and custodial	585,611			507,446			78,165		
Total non-interest bearing deposits	3,248,510			3,005,155			243,355		
Interest-bearing deposits:									
Checking	2,452,206	346	0.01	2,396,334	547	0.02	55,872	(201)	(1)
Savings	4,677,517	1,510	0.03	4,938,303	3,005	0.06	(260,786)	(1,495)	(3)
Money market	2,488,977	15,114	0.61	2,265,121	14,237	0.63	223,856	877	(2)
Certificates of deposit	4,229,247	44,818	1.06	3,340,341	30,437	0.91	888,906	14,381	15
Total interest-bearing deposits	13,847,947	61,788	0.45	12,940,099	48,226	0.37	907,848	13,562	8
Total deposits	17,096,457	61,788	0.36	15,945,254	48,226	0.30	1,151,203	13,562	6
Borrowings:									
Short-term borrowings	7,051	51	0.73	18,822	53	0.28	(11,771)	(2)	45
Long-term borrowings	890,846	20,785	2.33	1,119,175	23,263	2.08	(228,329)	(2,478)	25
Total borrowings	897,897	20,836	2.32	1,137,997	23,316	2.05	(240,100)	(2,480)	27
Total interest-bearing liabilities	14,745,844	82,624	0.56	14,078,096	71,542	0.51	667,748	11,082	5
Total deposits and borrowings	17,994,354	82,624	0.46	17,083,251	71,542	0.42	911,103	11,082	4
Other liabilities	686,360			589,222			97,138		

Total liabilities	18,680,714			17,672,473			1,008,241		
Total TCF Financial Corp. stockholders' equity	2,373,176			2,197,690			175,486		
Non-controlling interest in subsidiaries	21,525			19,514			2,011		
Total equity	2,394,701			2,217,204			177,497		
Total liabilities and equity	$ 21,075,415			$ 19,889,677			$ 1,185,738		
Net interest income and margin		$ 858,919	4.34		$ 825,028	4.42		$ 33,891	(8)

(1) Interest and yields are presented on a fully tax-equivalent basis.
(2) Average balances and yields of securities available for sale are based upon historical amortized cost and exclude equity securities.
(3) The yield on tax-exempt securities available for sale is computed on a tax-equivalent basis using a statutory federal income tax rate of 35% for all periods presented.
(4) Average balances of loans and leases include non-accrual loans and leases and are presented net of unearned income.
(5) Includes leased equipment and related initial direct costs under operating leases of $140.3 million and $104.1 million in 2016 and 2015, respectively.

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(Dollars in thousands)	2015 Average Balance	2015 Interest[1]	2015 Yields and Rates[1]	2014 Average Balance	2014 Interest[1]	2014 Yields and Rates[1]	Change Average Balance	Change Interest	Change Yields and Rates (bps)
Assets:									
Investments and other	$ 520,577	$ 12,294	2.36%	$ 586,803	$ 15,390	2.62%	$ (66,226)	$ (3,096)	(26)
Securities held to maturity	207,140	5,486	2.65	197,943	5,281	2.67	9,197	205	(2)
Securities available for sale:[2]									
Taxable	564,205	13,930	2.47	447,016	11,994	2.68	117,189	1,936	(21)
Tax-exempt[3]	80,894	2,643	3.27	—	—	—	80,894	2,643	327
Loans and leases held for sale	286,295	25,766	9.00	259,186	21,128	8.15	27,109	4,638	85
Loans and leases:[4]									
Consumer real estate:									
Fixed-rate	2,710,512	157,428	5.81	3,359,670	190,973	5.68	(649,158)	(33,545)	13
Variable-rate	2,911,689	149,770	5.14	2,788,882	143,431	5.14	122,807	6,339	—
Total consumer real estate	5,622,201	307,198	5.46	6,148,552	334,404	5.44	(526,351)	(27,206)	2
Commercial:									
Fixed-rate	1,173,039	59,037	5.03	1,469,579	73,752	5.02	(296,540)	(14,715)	1
Variable- and adjustable-rate	1,961,389	76,677	3.91	1,665,788	66,450	3.99	295,601	10,227	(8)
Total commercial	3,134,428	135,714	4.33	3,135,367	140,202	4.47	(939)	(4,488)	(14)
Leasing and equipment finance	3,804,015	175,565	4.62	3,531,256	166,974	4.73	272,759	8,591	(11)
Inventory finance	2,154,357	122,799	5.70	1,888,080	112,603	5.96	266,277	10,196	(26)
Auto finance	2,278,617	94,463	4.15	1,567,904	68,595	4.37	710,713	25,868	(22)
Other	10,303	712	6.91	12,071	931	7.71	(1,768)	(219)	(80)
Total loans and leases	17,003,921	836,451	4.92	16,283,230	823,709	5.06	720,691	12,742	(14)
Total interest-earning assets	18,663,032	896,570	4.80	17,774,178	877,502	4.94	888,854	19,068	(14)
Other assets[5]	1,226,645			1,123,213			103,432		
Total assets	$ 19,889,677			$ 18,897,391			$ 992,286		
Liabilities and Equity:									
Non-interest bearing deposits:									
Retail	$ 1,658,951			$ 1,546,453			$ 112,498		
Small business	838,758			806,649			32,109		
Commercial and custodial	507,446			413,893			93,553		
Total non-interest bearing deposits	3,005,155			2,766,995			238,160		
Interest-bearing deposits:									
Checking	2,396,334	547	0.02	2,328,402	921	0.04	67,932	(374)	(2)
Savings	4,938,303	3,005	0.06	5,693,751	8,343	0.15	(755,448)	(5,338)	(9)
Money market	2,265,121	14,237	0.63	1,312,483	7,032	0.54	952,638	7,205	9
Certificates of deposit	3,340,341	30,437	0.91	2,840,922	22,089	0.78	499,419	8,348	13
Total interest-bearing deposits	12,940,099	48,226	0.37	12,175,558	38,385	0.32	764,541	9,841	5
Total deposits	15,945,254	48,226	0.30	14,942,553	38,385	0.26	1,002,701	9,841	4
Borrowings:									
Short-term borrowings	18,822	53	0.28	83,673	261	0.31	(64,851)	(208)	(3)
Long-term borrowings	1,119,175	23,263	2.08	1,310,163	19,954	1.52	(190,988)	3,309	56
Total borrowings	1,137,997	23,316	2.05	1,393,836	20,215	1.45	(255,839)	3,101	60
Total interest-bearing liabilities	14,078,096	71,542	0.51	13,569,394	58,600	0.43	508,702	12,942	8
Total deposits and borrowings	17,083,251	71,542	0.42	16,336,389	58,600	0.36	746,862	12,942	6
Other liabilities	589,222			502,560			86,662		
Total liabilities	17,672,473			16,838,949			833,524		
Total TCF Financial Corp. stockholders'									

equity	2,197,690			2,041,428			156,262			
Non-controlling interest in subsidiaries	19,514			17,014			2,500			
Total equity	2,217,204			2,058,442			158,762			
Total liabilities and equity	$ 19,889,677			$ 18,897,391			$ 992,286			
Net interest income and margin		$ 825,028	4.42		$ 818,902	4.61			$ 6,126	(19)

(1) Interest and yields are presented on a fully tax-equivalent basis.
(2) Average balances and yields of securities available for sale are based upon historical amortized cost and exclude equity securities.
(3) The yield on tax-exempt securities available for sale is computed on a tax-equivalent basis using a statutory federal income tax rate of 35% for all periods presented.
(4) Average balances of loans and leases include non-accrual loans and leases and are presented net of unearned income.
(5) Includes leased equipment and related initial direct costs under operating leases of $104.1 million and $84.9 million in 2015 and 2014, respectively.

The components of the changes in net interest income on a fully tax-equivalent basis by volume and rate were as follows:

	Year Ended					
	December 31, 2016 Versus December 31, 2015			December 31, 2015 Versus December 31, 2014		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
(In thousands)	Volume[(1)]	Rate[(1)]	Total	Volume[(1)]	Rate[(1)]	Total
Interest income:						
Investments and other	$ (5,442)	$ 2,462	$ (2,980)	$ (1,645)	$ (1,451)	$ (3,096)
Securities held to maturity	(415)	(422)	(837)	245	(40)	205
Securities available for sale:						
Taxable	3,588	(1,280)	2,308	2,952	(1,016)	1,936
Tax-exempt	13,306	(49)	13,257	2,643	—	2,643
Loans and leases held for sale	16,026	(2,144)	13,882	2,325	2,313	4,638
Loans and leases:						
Consumer real estate:						
Fixed-rate	(24,650)	(2,025)	(26,675)	(37,621)	4,076	(33,545)
Variable- and adjustable-rate	1,795	5,354	7,149	6,317	22	6,339
Total consumer real estate	(22,030)	2,504	(19,526)	(28,753)	1,547	(27,206)
Commercial:						
Fixed-rate	(9,963)	(1,629)	(11,592)	(14,924)	209	(14,715)
Variable- and adjustable-rate	7,496	1,823	9,319	11,580	(1,353)	10,227
Total commercial	(378)	(1,895)	(2,273)	(42)	(4,446)	(4,488)
Leasing and equipment finance	13,635	(6,171)	7,464	12,662	(4,071)	8,591
Inventory finance	14,769	2,885	17,654	15,346	(5,150)	10,196
Auto finance	16,747	(559)	16,188	29,633	(3,765)	25,868
Other	(50)	(114)	(164)	(128)	(91)	(219)
Total loans and leases	26,962	(7,619)	19,343	35,838	(23,096)	12,742
Total interest income	52,032	(7,059)	44,973	43,114	(24,046)	19,068
Interest expense:						
Deposits:						
Checking	12	(213)	(201)	26	(400)	(374)
Savings	(152)	(1,343)	(1,495)	(987)	(4,351)	(5,338)
Money market	1,342	(465)	877	5,817	1,388	7,205
Certificates of deposit	8,843	5,538	14,381	4,221	4,127	8,348
Total deposits	3,620	9,942	13,562	2,701	7,140	9,841
Borrowings:						
Short-term borrowings	(48)	46	(2)	(187)	(21)	(208)
Long-term borrowings	(5,116)	2,638	(2,478)	(3,191)	6,500	3,309
Total borrowings	(5,327)	2,847	(2,480)	(4,161)	7,262	3,101
Total interest expense	3,447	7,635	11,082	2,268	10,674	12,942
Net interest income	$ 47,783	$ (13,892)	$ 33,891	$ 40,037	$ (33,911)	$ 6,126

(1) Changes attributable to the combined impact of volume and rate have been allocated proportionately to the change due to volume and the change due to rate. Changes due to volume and rate are calculated independently for each line item presented.

Provision for Credit Losses The provision for credit losses is calculated as part of the determination of the allowance for loan and lease losses, which is a critical accounting estimate. TCF's evaluation of incurred losses is based upon historical loss rates multiplied by the respective portfolio's loss emergence period. Factors utilized in the determination and allocation of the allowance for loan and lease losses and the related provision for credit losses include historical trends in loss rates, a portfolio's overall risk characteristics, changes in its character or size, risk rating migration, delinquencies, collateral values, economic outlook and prevailing economic conditions.

The composition of TCF's provision for credit losses for the years ended December 31, 2016, 2015 and 2014 was as follows:

	Year Ended December 31,						Change			
(Dollars in thousands)	2016		2015		2014		2016 / 2015		2015 / 2014	
Consumer real estate	$ 9,304	14.1%	$ 12,697	24.0%	$ 63,973	66.8 %	$ (3,393)	(26.7)%	$(51,276)	(80.2)%
Commercial	2,890	4.4	298	0.6	(259)	(0.3)	2,592	N.M.	557	N.M.
Leasing and equipment finance	7,706	11.7	5,411	10.2	3,324	3.5	2,295	42.4	2,087	62.8
Inventory finance	4,540	6.9	3,036	5.7	2,498	2.6	1,504	49.5	538	21.5
Auto finance	39,149	59.4	28,943	54.7	23,742	24.8	10,206	35.3	5,201	21.9
Other	2,285	3.5	2,559	4.8	2,459	2.6	(274)	(10.7)	100	4.1
Total	$ 65,874	100.0%	$ 52,944	100.0%	$ 95,737	100.0 %	$ 12,930	24.4	$(42,793)	(44.7)

N.M. Not Meaningful.

TCF's provision for credit losses was $65.9 million for 2016, compared with $52.9 million and $95.7 million for 2015 and 2014, respectively. The provision for credit losses increased $12.9 million, or 24.4% in 2016 and decreased $42.8 million, or 44.7% in 2015. The allowance as a percent of total loans and leases was 0.90%, 0.90% and 1.00% as of December 31, 2016, 2015 and 2014, respectively. The decrease in the allowance as a percent of total loans and leases from 2014 was driven primarily by reduced reserves in the consumer real estate portfolio resulting from improved home values. The 2015 provision includes the benefit from the reduced reserves. The increase in the provision for credit losses in 2016 was primarily due to the benefit from reduced reserves in 2015 and growth in the overall loan and lease portfolio, partially offset by decreased net charge-offs. The decrease in 2015 was primarily driven by the sale of consumer real estate troubled debt restructuring ("TDR") loans in the fourth quarter of 2014 and improved credit quality in the consumer real estate portfolio, partially offset by an increase in provision for credit losses in the auto finance portfolio due to growth and maturation of the portfolio.

Net loan and lease charge-offs for 2016 were $45.2 million, or 0.26% of average loans and leases, compared with $51.5 million, or 0.30% of average loans and leases for 2015 and $79.3 million, or 0.49% of average loans and leases for 2014. The decrease in 2016 was primarily due to improved credit quality in the consumer real estate portfolio, partially offset by increased net charge-offs in the auto finance portfolio. The decrease in 2015 was primarily due to lower incidents of default and improved home values in the consumer real estate portfolio due to the improving economy.

For additional information, see "Consolidated Financial Condition Analysis — Credit Quality" in this Management's Discussion and Analysis and Note 6, Allowance for Loan and Lease Losses and Credit Quality Information of Notes to Consolidated Financial Statements.

Non-interest Income Non-interest income is a significant source of revenue for TCF, representing 35.5% of total revenue for 2016, compared with 35.0% and 34.7% for 2015 and 2014, respectively, and is an important factor in TCF's results of operations. Non-interest income was $465.9 million for 2016, compared with $442.0 million and $433.3 million for 2015 and 2014, respectively. Non-interest income increased $23.9 million, or 5.4 percent in 2016 and increased $8.7 million, or 2.0 percent in 2015.

The components of non-interest income were as follows:

	Year Ended December 31,			Change	
(Dollars in thousands)	2016	2015	2014	2016 / 2015	2015 / 2014
Fees and service charges	$ 137,664	$ 144,999	$ 154,386	(5.1)%	(6.1)%
Card revenue	54,882	54,387	51,323	0.9	6.0
ATM revenue	20,445	21,544	22,225	(5.1)	(3.1)
Subtotal	212,991	220,930	227,934	(3.6)	(3.1)
Gains on sales of auto loans, net	34,832	30,580	43,565	13.9	(29.8)
Gains on sales of consumer real estate loans, net	50,427	40,964	34,794	23.1	17.7
Servicing fee income	40,182	31,229	21,444	28.7	45.6
Subtotal	125,441	102,773	99,803	22.1	3.0
Leasing and equipment finance	119,166	108,129	93,799	10.2	15.3
Other	8,883	10,463	10,704	(15.1)	(2.3)
Fees and other revenue	466,481	442,295	432,240	5.5	2.3
Gains (losses) on securities, net	(581)	(297)	1,027	(95.6)	N.M.
Total non-interest income	$ 465,900	$ 441,998	$ 433,267	5.4	2.0
Total non-interest income as a percentage of total revenue	35.5%	35.0%	34.7%		

N.M. Not Meaningful.

Fees and Service Charges Fees and service charges totaled $137.7 million for 2016, compared with $145.0 million and $154.4 million for 2015 and 2014, respectively. The decreases in both periods were primarily due to ongoing consumer behavior changes, as well as higher average checking account balances per customer.

Gains on Sales of Auto Loans, Net Net gains on sales of auto loans totaled $34.8 million for 2016, compared with $30.6 million and $43.6 million for 2015 and 2014, respectively. The increase in 2016 was primarily due to increased volume of loans sold, partially offset by a strong competitive environment and challenging market conditions. The decrease in 2015 was primarily due to a stronger competitive environment and an increase in transaction costs, partially offset by an increase in auto loans sold. See Note 5, Loans and Leases of Notes to Consolidated Financial Statements for additional information.

Gains on Sales of Consumer Real Estate Loans, Net Net gains on sales of consumer real estate loans totaled $50.4 million for 2016, compared with $41.0 million and $34.8 million for 2015 and 2014, respectively. The increase in 2016 was primarily due to increased volume of loans sold. The increase in 2015 was primarily due to a net loss of $4.8 million in 2014 related to the TDR loan sale. See Note 5, Loans and Leases of Notes to Consolidated Financial Statements for additional information.

Servicing Fee Income Servicing fee income totaled $40.2 million for 2016, compared with $31.2 million and $21.4 million for 2015 and 2014, respectively. The increases from both periods were primarily due to the cumulative effect of the increases in the portfolios of auto and consumer real estate loans sold with servicing retained by TCF. Average loans and leases serviced for others was $4.9 billion for 2016, compared with $3.8 billion and $2.7 billion for 2015 and 2014, respectively.

Leasing and Equipment Finance Leasing and equipment finance income totaled $119.2 million for 2016, compared with $108.1 million and $93.8 million for 2015 and 2014, respectively. The increase in 2016 was primarily due to higher operating lease and sales-type lease revenue. The increase in 2015 was primarily due to higher operating lease revenue.

Non-interest Expense Non-interest expense totaled $909.9 million for 2016, compared with $894.7 million and $871.8 million for 2015 and 2014, respectively. Non-interest expense increased $15.1 million, or 1.7%, in 2016 and increased $23.0 million, or 2.6%, in 2015.

The components of non-interest expense were as follows:

	Year Ended December 31,			Change	
(Dollars in thousands)	2016	2015	2014	2016 / 2015	2015 / 2014
Compensation and employee benefits	$ 474,722	$ 457,743	$ 452,942	3.7 %	1.1 %
Occupancy and equipment	149,980	144,962	139,023	3.5	4.3
Other	231,420	229,255	227,970	0.9	0.6
Subtotal	856,122	831,960	819,935	2.9	1.5
Operating lease depreciation	40,359	39,409	27,152	2.4	45.1
Foreclosed real estate and repossessed assets, net	13,187	23,193	24,567	(43.1)	(5.6)
Other credit costs, net	219	185	123	18.4	50.4
Total non-interest expense	$ 909,887	$ 894,747	$ 871,777	1.7	2.6

Compensation and Employee Benefits Compensation and employee benefits expense totaled $474.7 million for 2016, compared with $457.7 million and $452.9 million for 2015 and 2014, respectively. The increase in 2016 was primarily due to higher commissions and incentives, partially offset by the annual pension plan valuation adjustment. The increase in 2015 was primarily due to the increased staff levels to support the growth of auto finance and further build-out of the risk management function, partially offset by non-recurring items, including the annual pension plan valuation adjustment resulting from an increase to the discount rate.

Other Non-interest Expense Other non-interest expense totaled $231.4 million for 2016, compared with $229.3 million and $228.0 million for 2015 and 2014, respectively. The increase in 2016 was primarily due to increases in (i) branch realignment expense related to the closure of two traditional branches and 33 supermarket branches and the pending closures of 17 supermarket branches, (ii) loan and lease processing expense due to increases in loan and lease originations and (iii) outside processing expense, partially offset by decreased FDIC insurance expense due to a lower assessment rate. The increase in 2015 was primarily due to increased loan and lease processing expense due to increases in loan originations, partially offset by decreased FDIC insurance expense due to a lower assessment rate primarily as a result of the TDR loan sale and improved credit metrics. See Note 21, Other Expense of Notes to Consolidated Financial Statements for additional information.

Foreclosed Real Estate and Repossessed Assets, Net Net expenses related to foreclosed real estate and repossessed assets totaled $13.2 million for 2016, compared with $23.2 million and $24.6 million for 2015 and 2014, respectively. The decrease in 2016 was primarily due to lower operating costs associated with maintaining fewer properties, lower write-downs on existing foreclosed commercial and consumer properties and higher gains on sales of commercial and consumer properties, partially offset by higher repossessed assets expense. The decrease in 2015 was primarily due to lower operating costs associated with maintaining fewer properties and lower write-downs on existing foreclosed commercial properties.

Income Taxes Income tax expense was 34.5% of income before income tax expense for 2016, compared with 34.6% and 35.5% for 2015 and 2014, respectively. The lower effective income tax rates in 2016 and 2015 were primarily due to increased investments in tax-exempt securities.

Reportable Segment Results

Effective January 1, 2016, the Company changed its reportable segments to align with the way the Company is now managed. The revised presentation of previously reported segment data has been applied retroactively to all periods presented in these financial statements. The new reportable segments are Consumer Banking, Wholesale Banking and Enterprise Services. Previously, the Company's reportable segments were Lending, Funding and Support Services. See Note 22, Business Segments of Notes to Consolidated Financial Statements for information regarding net income (loss), assets and revenues for each of TCF's reportable segments.

Consumer Banking

Consumer Banking is comprised of all of the Company's consumer-facing businesses and includes retail banking, consumer real estate and auto finance. TCF's consumer banking strategy is primarily to generate deposits to use for funding high credit quality secured loans and leases. Loans are originated for investment and for sale. Deposits are generated from consumers and small businesses to provide a source of low cost funds, with a focus on building and maintaining quality customer relationships. The Consumer Banking reportable segment generates a significant portion of the Company's net interest income and non-interest income from fees and service charges, card revenue, ATM revenue, gains on sales of loans and servicing fee income and incurs a significant portion of the Company's provision for credit losses and non-interest expense.

Consumer Banking generated net income available to common stockholders of $124.0 million for 2016, compared with $105.5 million and $80.4 million for 2015 and 2014, respectively.

Consumer Banking net interest income totaled $559.9 million for 2016, compared with $536.7 million and $511.7 million for 2015 and 2014, respectively. Net interest income increased $23.1 million, or 4.3% in 2016 and increased $25.1 million, or 4.9% in 2015. The increase in 2016 was primarily due to higher interest income related to funds transfer pricing driven by an increase in deposits and higher average balances of auto finance loans and loans held for sale, partially offset by lower interest income from consumer real estate first mortgage lien loan balances due to run-off and higher interest expense on certificates of deposit due to growth and higher rates paid as a result of special campaigns to fund loan growth. The increase in 2015 was primarily due to higher average balances of auto finance loans, partially offset by margin reduction resulting from the competitive, low interest rate environment and lower interest income from consumer real estate first mortgage lien loan balances due to run-off.

Consumer Banking provision for credit losses totaled $50.8 million for 2016, compared with $44.3 million and $89.9 million for 2015 and 2014, respectively. The provision for credit losses increased $6.5 million, or 14.6% in 2016 and decreased $45.6 million, or 50.7% in 2015. The allowance for credit losses as a percent of consumer banking loans was 1.19% and 1.18% at December 31, 2016 and 2015, respectively.The increase in the provision for credit losses in 2016 was primarily due to the benefit from reduced reserve requirements in 2015 for the consumer real estate portfolio partially offset by decreased net charge-offs. The decrease in the provision for credit losses in 2015 was primarily driven by the sale of consumer real estate TDR loans in the fourth quarter of 2014 and improved credit quality in the consumer real estate portfolio, partially offset by an increase in provision for credit losses in the auto finance portfolio due to growth and maturation of the portfolio.

Consumer Banking non-interest income totaled $337.0 million for 2016, compared with $320.4 million and $326.0 million for 2015 and 2014, respectively. Non-interest income increased $16.6 million, or 5.2% in 2016 and decreased $5.6 million, or 1.7% in 2015. The increase in 2016 was primarily due to increases in net gains on sales of consumer real estate and auto loans and an increase in servicing fee income due to the cumulative effect of the increase in the portfolio of loans sold with servicing retained by TCF, partially offset by a decrease in fees and service charges. The decrease in 2015 was primarily due to decreases in net gains on sales of auto loans and fees and service charges, partially offset by increases in servicing fee income and net gains on sales of consumer real estate loans. Fees and service charges attributable to the Consumer Banking segment totaled $130.5 million for 2016, compared with $138.7 million and $148.6 million for 2015 and 2014, respectively. The decreases in both periods were primarily due to ongoing consumer behavior changes, as well as higher average checking account balances per customer. Net gains on sales of auto loans totaled $34.8 million for 2016, compared with $30.6 million and $43.6 million for 2015 and 2014, respectively. Net gains on sales of consumer real estate loans totaled $50.4 million for 2016, compared with $41.0 million and $34.3 million for 2015 and 2014, respectively. Servicing fee income attributable to the Consumer Banking segment totaled $38.6 million for 2016, compared with $29.0 million and $19.2 million for 2015 and 2014, respectively. Average consumer real estate and auto finance loans serviced for others were $4.7 billion for 2016, compared with $3.6 billion in 2015 and $2.5 billion in 2014.

Consumer Banking non-interest expense totaled $652.5 million for 2016, compared with $645.9 million and $619.5 million for 2015 and 2014, respectively. Non-interest expense increased $6.5 million, or 1.0% in 2016 and increased $26.4 million, or 4.3% in 2015. The increase in 2016 was primarily due to higher occupancy and equipment expense and branch realignment expense of $3.9 million related to the closure of two traditional branches and 33 supermarket branches and the pending closures of 17 supermarket branches. There was no branch realignment expense in 2015. These increases were partially offset by a decrease in net expense related to foreclosed real estate and repossessed assets due to lower operating costs associated with maintaining fewer consumer properties, higher gains on sales of consumer properties and lower write-downs on existing foreclosed consumer properties, as well as a decrease in FDIC insurance expense due to a lower assessment rate. The increase in 2015 was primarily due to increased staff levels to support the growth of auto finance and further build out of the risk management function and an increase in net expense related to foreclosed real estate and repossessed assets due to higher write-downs on existing foreclosed consumer properties.

Wholesale Banking

Wholesale Banking is comprised of commercial real estate and business lending, leasing and equipment finance and inventory finance. TCF's wholesale banking strategy is primarily to originate high credit quality secured loans and leases for investment.

Wholesale Banking generated net income available to common stockholders of $130.0 million for 2016, compared with $127.3 million and $114.9 million for 2015 and 2014, respectively.

Wholesale Banking net interest income totaled $343.7 million for 2016, compared with $339.9 million and $326.3 million for 2015 and 2014, respectively. Net interest income increased $3.7 million, or 1.1% in 2016 and increased $13.6 million, or 4.2% in 2015. The increase in 2016 was primarily due to higher average loan and lease balances in the leasing and equipment finance and inventory finance portfolios, partially offset by higher interest expense related to funds transfer pricing driven by a combination of higher average loan and lease balances and an increase in funds transfer pricing rates. The increase in 2015 was primarily driven by higher average loan and lease balances in the leasing and equipment finance and inventory finance portfolios, partially offset by margin reduction resulting from the competitive, low interest rate environment.

Wholesale Banking provision for credit losses totaled $15.1 million for 2016, compared with $8.6 million and $5.8 million for 2015 and 2014, respectively. The provision for credit losses increased $6.4 million, or 74.7% in 2016 and increased $2.8 million, or 47.5% in 2015. The increases from both periods were primarily due to increased reserve requirements related to overall growth in the Wholesale Banking loan and lease portfolio.

Wholesale Banking non-interest income totaled $128.9 million for 2016, compared with $119.8 million and $105.6 million for 2015 and 2014, respectively. Non-interest income increased $9.1 million, or 7.6% in 2016 and increased $14.2 million, or 13.4% in 2015. The increase in 2016 was primarily due to an increase in leasing and equipment finance income due to higher operating lease and sales-type lease revenue. The increase in 2015 was primarily due to an increase in leasing and equipment finance income related to higher operating lease revenue.

Wholesale Banking non-interest expense totaled $247.1 million for 2016, compared with $244.9 million and $237.2 million for 2015 and 2014, respectively. Non-interest expense increased $2.2 million, or 0.9% in 2016 and increased $7.7 million, or 3.2% in 2015. The increase in 2016 was primarily due to an increase in allocated costs due to the further build-out of risk management and credit, partially offset by a decrease in compensation and benefits expense, a decrease in net expense related to foreclosed real estate and repossessed assets due to lower write-downs on existing foreclosed commercial properties and lower operating costs associated with maintaining fewer commercial properties and a decrease in occupancy and equipment expense. The increase in 2015 was primarily due to increased operating lease depreciation resulting from increased leasing and equipment finance operating lease revenue.

Enterprise Services

Enterprise Services is comprised of (i) corporate treasury, which includes the Company's investment and borrowing portfolios and management of capital, debt and market risks, (ii) corporate functions, such as information technology, risk and credit management, bank operations, finance, investor relations, corporate development, legal and human resources, that provide services to the operating segments, (iii) the Holding Company and (iv) eliminations. The Company's investment portfolio accounts for the earning assets within this segment. Borrowings may be used to offset reductions in deposits or to support lending activities. This segment also includes residual revenues and expenses representing the difference between actual amounts incurred by Enterprise Services and amounts allocated to the operating segments, including interest rate risk residuals, such as funds transfer pricing mismatches.

Enterprise Services generated a net loss available to common stockholders of $61.3 million for 2016, compared with $55.1 million and $40.5 million for 2015 and 2014, respectively.

Enterprise Services net interest expense totaled $55.4 million for 2016, compared with $56.3 million and $22.3 million for 2015 and 2014, respectively. Net interest expense decreased $0.9 million, or 1.5% in 2016 and increased $33.9 million, or 152.0% in 2015. The decrease in 2016 was primarily driven by an increase in interest income attributable to higher average balances of securities available for sale and a decrease in borrowing expense, partially offset by an increase in funds transfer pricing mismatches. The increase in 2015 was primarily driven by an increase in funds transfer pricing mismatches and an increase in borrowing expense, partially offset by an increase in interest income attributable to higher average balances of securities available for sale.

Enterprise Services non-interest income totaled $28.0 thousand for 2016, compared with $1.8 million and $1.6 million for 2015 and 2014, respectively. Non-interest income decreased $1.8 million, or 98.5% in 2016 and increased $0.2 million, or 14.1% in 2015. The decrease in 2016 was primarily due to a gain of $1.7 million related to appreciation of an investment that was donated to the TCF Foundation in the first quarter of 2015.

Enterprise Services non-interest expense totaled $10.3 million for 2016, compared with $3.9 million and $15.0 million for 2015 and 2014, respectively. Non-interest expense increased $6.4 million, or 165.3% in 2016 and decreased $11.1 million, or 74.1% in 2015. The increase in 2016 was primarily due to an increase in compensation and benefits expense, partially offset by an increase in recoveries of allocated expenses, a decrease in occupancy and equipment expense and the annual pension plan valuation adjustment. The decrease in 2015 was primarily due to an increase in recoveries of allocated expenses, partially offset by an increase in occupancy and equipment expense.

Consolidated Financial Condition Analysis

Securities Available for Sale and Securities Held to Maturity Total securities available for sale were $1.4 billion at December 31, 2016, an increase of 60.1% from $0.9 billion at December 31, 2015. TCF's securities available for sale portfolio consists primarily of fixed-rate mortgage-backed securities issued by the Federal National Mortgage Association ("Fannie Mae") and obligations of states and political subdivisions. Total securities held to maturity were $181.3 million at December 31, 2016, a decrease of 10.2% from $201.9 million at December 31, 2015. TCF's securities held to maturity portfolio consists primarily of fixed-rate mortgage-backed securities issued by Fannie Mae. TCF may, from time to time, sell securities available for sale and utilize the proceeds to reduce borrowings, fund growth in loans and leases or for other corporate purposes.

The amortized cost, fair value and fully tax-equivalent yield of securities available for sale and securities held to maturity by final contractual maturity at December 31, 2016 and 2015 were as follows. The remaining contractual principal maturities do not consider possible prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay.

	At December 31,					
	2016			2015		
(Dollars in thousands)	Amortized Cost	Fair Value	Tax-equivalent Yield	Amortized Cost	Fair Value	Tax-equivalent Yield
Securities available for sale:						
Mortgage-backed securities:						
Due in one year or less	$ 1	$ 1	8.02%	$ 1	$ 1	9.00%
Due in 1-5 years	18	18	2.28	38	38	2.65
Due in 5-10 years	54,202	54,429	1.93	70,338	70,350	1.93
Due after 10 years	773,519	756,461	2.25	557,178	551,575	2.46
Obligations of states and political subdivisions:						
Due in 5-10 years	277,228	274,576	3.13	198,300	202,161	3.19
Due after 10 years	351,744	337,950	3.20	63,889	64,760	3.40
Total securities available for sale	$ 1,456,712	$ 1,423,435	2.63	$ 889,744	$ 888,885	2.65
Securities held to maturity:						
Mortgage-backed securities:						
Due after 10 years	$ 178,514	$ 181,146	2.54%	$ 198,520	$ 203,553	2.64%
Other securities:						
Due in one year or less	—	—	—	100	100	2.00
Due in 1-5 years	1,400	1,400	2.86	1,900	1,900	2.63
Due in 5-10 years	1,400	1,400	3.36	1,400	1,400	3.36
Total securities held to maturity	$ 181,314	$ 183,946	2.55	$ 201,920	$ 206,953	2.64

Loans and Leases Information about loans and leases held in TCF's portfolio was as follows:

(Dollars in thousands)	At December 31, 2016	2015	2014	2013	2012	Compound Annual Growth Rate 1-Year 2016 / 2015	5-Year 2016 / 2011
Consumer real estate:							
First mortgage lien	$ 2,292,596	$ 2,624,956	$ 3,139,152	$ 3,766,421	$ 4,239,524	(12.7)%	(13.5)%
Junior lien	2,791,756	2,839,316	2,543,212	2,572,905	2,434,977	(1.7)	5.3
Total consumer real estate	5,084,352	5,464,272	5,682,364	6,339,326	6,674,501	(7.0)	(5.9)
Commercial:							
Commercial real estate	2,634,191	2,593,429	2,624,255	2,743,697	3,080,942	1.6	(3.8)
Commercial business	652,287	552,403	533,410	404,655	324,293	18.1	21.1
Total commercial	3,286,478	3,145,832	3,157,665	3,148,352	3,405,235	4.5	(1.0)
Leasing and equipment finance	4,336,310	4,012,248	3,745,322	3,428,755	3,198,017	8.1	6.7
Inventory finance	2,470,175	2,146,754	1,877,090	1,664,377	1,567,214	15.1	31.6
Auto finance	2,647,741	2,647,596	1,915,061	1,239,386	552,833	—	N.M.
Other	18,771	19,297	24,144	26,743	27,924	(2.7)	(11.7)
Total loans and leases	$ 17,843,827	$ 17,435,999	$ 16,401,646	$ 15,846,939	$ 15,425,724	2.3	4.7

N.M. Not Meaningful.

(In thousands)	At December 31, 2016 Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Geographic Distribution:							
Minnesota	$ 1,247,499	$ 730,183	$ 108,963	$ 81,739	$ 51,267	$ 5,723	$ 2,225,374
California	935,607	139,176	594,705	95,218	430,076	4	2,194,786
Illinois	1,154,721	421,081	169,240	67,928	102,043	4,108	1,919,121
Michigan	480,280	505,823	116,787	100,601	50,399	3,888	1,257,778
Texas	—	72,726	416,109	154,098	228,468	8	871,409
Wisconsin	225,522	425,345	60,828	78,067	27,058	818	817,638
Florida	106,045	90,469	225,065	124,910	142,799	39	689,327
Colorado	248,863	251,983	76,536	29,756	50,256	3,762	661,156
New York	33,424	19,238	259,034	86,746	126,754	48	525,244
Canada	—	—	1,196	458,138	—	—	459,334
Ohio	8,102	81,902	159,133	97,999	74,445	—	421,581
Pennsylvania	36,302	15,190	152,459	74,682	107,298	55	385,986
Georgia	50,499	49,003	112,304	58,767	90,032	—	360,605
Arizona	102,255	14,966	126,367	19,678	77,064	213	340,543
North Carolina	4,162	19,860	159,240	60,097	94,307	7	337,673
New Jersey	45,061	—	166,568	22,777	85,216	—	319,622
Indiana	19,423	68,119	82,116	56,266	37,440	4	263,368
Washington	108,478	10,065	69,882	33,011	36,418	3	257,857
Massachusetts	35,253	17,453	118,681	19,072	53,655	—	244,114
Tennessee	3,413	55,229	78,532	40,972	54,640	2	232,788
Virginia	23,720	4,633	87,000	36,706	70,068	10	222,137
Other	215,723	294,034	995,565	672,947	658,038	79	2,836,386
Total	$ 5,084,352	$ 3,286,478	$ 4,336,310	$ 2,470,175	$ 2,647,741	$ 18,771	$ 17,843,827

The contractual maturities of loans and leases outstanding at December 31, 2016 were as follows:

	At December 31, 2016[1]						
(In thousands)	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Amounts due:							
Within 1 year	$ 115,397	$ 516,649	$ 1,438,018	$ 2,470,175	$ 621,370	$ 9,861	$ 5,171,470
1 to 5 years	503,863	2,323,078	2,758,773	—	1,929,904	1,808	7,517,426
Over 5 years	4,465,092	446,751	139,519	—	96,467	7,102	5,154,931
Total	$ 5,084,352	$ 3,286,478	$ 4,336,310	$ 2,470,175	$ 2,647,741	$ 18,771	$ 17,843,827
Amounts due after 1 year:							
Fixed-rate loans and leases	$ 2,039,349	$ 854,300	$ 2,887,119	$ —	$ 2,026,371	$ 8,753	$ 7,815,892
Variable- and adjustable-rate loans and leases	2,929,606	1,915,529	11,173	—	—	157	4,856,465
Total after 1 year	$ 4,968,955	$ 2,769,829	$ 2,898,292	$ —	$ 2,026,371	$ 8,910	$ 12,672,357

(1) This table does not include the effect of prepayments, which is an important consideration in management's interest-rate risk analysis. Company experience indicates that loans and leases remain outstanding for significantly shorter periods than their contractual terms.

Consumer Real Estate TCF's consumer real estate portfolio represented 28.5% and 31.3% of TCF's total loan and lease portfolio at December 31, 2016 and 2015, respectively. The consumer real estate portfolio is secured by mortgages on residential real estate and consisted of $2.3 billion of first mortgage lien loans with an average loan size of $100 thousand and $2.8 billion of junior lien loans with an average loan size of $47 thousand at December 31, 2016, compared to first mortgage lien loans of $2.6 billion and junior lien loans of $2.8 billion at December 31, 2015. The decrease of $379.9 million in the consumer real estate portfolio was primarily due to run-off of the first mortgage lien loans. Loans are originated for investment and for sale. TCF sold $1.6 billion and $1.3 billion of consumer real estate loans in 2016 and 2015, respectively. Consumer real estate originations increased to $2.6 billion in 2016 compared to $2.4 billion in 2015. At December 31, 2016 and 2015, 68.1% and 74.0%, respectively, of the consumer real estate portfolio were in TCF's primary banking markets. At December 31, 2016 and 2015, 58.0% and 54.6%, respectively, of the consumer real estate portfolio carried a variable or adjustable interest rate generally tied to the prime rate. At December 31, 2016 and 2015, 47.3% and 51.0%, respectively, of TCF's consumer real estate loans consisted of closed-end loans. TCF's closed-end consumer real estate loans require payments of principal and interest over a fixed term.

The average Fair Isaac Corporation ("FICO®") credit score at loan origination for the consumer real estate portfolio was 735 and 734 at December 31, 2016 and 2015, respectively. As part of TCF's credit risk monitoring, TCF obtains updated FICO score information quarterly. The average updated FICO score for the consumer real estate portfolio was 733 and 731 at December 31, 2016 and 2015, respectively.

TCF's consumer real estate underwriting standards are intended to produce adequately secured loans to customers with good credit scores at the origination date. Beginning in 2008, TCF generally has not made new loans in excess of 90% loan-to-value at origination. TCF also has not originated consumer real estate loans with multiple payment options or loans with "teaser" interest rates. At December 31, 2016, 62.2% of the consumer real estate portfolio had been originated since January 1, 2009 with net charge-offs of 0.01% in 2016. TCF's consumer real estate portfolio is subject to the risk of falling home values and to the general economic environment, particularly unemployment.

The consumer real estate junior lien portfolio was comprised of $2.5 billion of home equity lines of credit ("HELOCs") and $272.9 million of amortizing consumer real estate junior lien mortgage loans at December 31, 2016, compared with $2.5 billion and $345.3 million at December 31, 2015, respectively. At December 31, 2016 and 2015, $2.0 billion and $1.8 billion, respectively, of the consumer real estate junior lien HELOCs had a 10-year interest-only draw period and a 20-year amortization repayment period and all were within the 10-year interest-only draw period and will not convert to amortizing loans until 2021 or later. At December 31, 2016 and 2015, $525.4 million and $664.5 million, respectively, of the consumer real estate junior lien HELOCs were interest-only revolving draw loans with no defined amortization period and original draw periods of 5 to 40 years. As of December 31, 2016, 18.1% of these loans mature prior to 2021. Outstanding balances on consumer real estate lines of credit were 67.1% of total lines of credit in 2016, compared to 68.0% in 2015.

Commercial Real Estate and Business Lending TCF's commercial portfolio represented 18.4% and 18.0% of TCF's total loan and lease portfolio at December 31, 2016 and 2015, respectively. The commercial portfolio consisted of $2.6 billion of commercial real estate loans and $652.3 million of commercial business loans at December 31, 2016, increases of 1.6% and 18.1%, respectively, from $2.6 billion and $552.4 million, respectively, at December 31, 2015. The increase of $99.9 million in commercial business loans was primarily due to an increase in originations. Total commercial originations were $1.9 billion in both 2016 and 2015. At December 31, 2016 and 2015, 77.8% and 84.1%, respectively, of TCF's commercial real estate loans outstanding were secured by properties located in TCF's primary banking markets. While commercial real estate collateral is generally located in TCF's primary banking markets, commercial real estate lending follows its strong, proven sponsors into other markets. With an emphasis on secured lending, essentially all of TCF's commercial loans were secured either by properties or other business assets at December 31, 2016 and 2015. At December 31, 2016 and 2015, variable- and adjustable-rate loans represented 69.0% and 67.2%, respectively, of total commercial loans outstanding.

TCF's commercial real estate loan portfolio by property and loan type was as follows:

	At December 31,					
	2016			2015		
(In thousands)	Permanent	Construction and Development	Total	Permanent	Construction and Development	Total
Multi-family housing	$ 718,562	$ 152,693	$ 871,255	$ 770,325	$ 203,518	$ 973,843
Warehouse/industrial buildings	362,092	3,156	365,248	339,160	28,462	367,622
Health care facilities	326,536	37,372	363,908	290,418	35,610	326,028
Office buildings	321,970	22,058	344,028	316,326	12,615	328,941
Retail services[(1)]	292,036	3,662	295,698	264,253	4,189	268,442
Self-storage	184,543	29,771	214,314	141,844	20,215	162,059
Hotels and motels	117,312	25,739	143,051	112,386	6,666	119,052
Other	33,236	3,453	36,689	32,506	14,936	47,442
Total	$ 2,356,287	$ 277,904	$ 2,634,191	$ 2,267,218	$ 326,211	$ 2,593,429

(1) Primarily retail strip shopping centers and malls, convenience stores, supermarkets, restaurants and automobile related businesses.

Leasing and Equipment Finance TCF's leasing and equipment finance portfolio represented 24.3% and 23.0% of TCF's total loan and lease portfolio at December 31, 2016 and 2015, respectively. The leasing and equipment finance portfolio consisted of $2.3 billion of leases and $2.0 billion of loans at December 31, 2016, increases of 10.3% and 5.6%, respectively, from $2.1 billion of leases and $1.9 billion of loans at December 31, 2015. The increase of $324.1 million, or 8.1%, in total loans and leases was primarily due to growth in the specialty vehicles and furniture and fixtures product types. Leasing and equipment finance originations increased to $2.1 billion in 2016 compared to $2.0 billion in 2015. The uninstalled backlog of approved transactions was $453.6 million and $446.3 million at December 31, 2016 and 2015, respectively. The average loan and lease size was $77 thousand and $76 thousand at December 31, 2016 and 2015, respectively. TCF's leasing and equipment finance activity is subject to risk of cyclical downturns and other adverse economic developments. In an adverse economic environment, there may be a decline in the demand for some types of equipment, resulting in a decline in the amount of new equipment being placed into service as well as a decline in equipment values for equipment previously placed in service. Declines in the value of leased equipment increase the potential for impairment losses and credit losses due to diminished collateral value and may result in lower sales-type revenue at the end of the contractual lease term. See Note 1, Basis of Presentation of Notes to Consolidated Financial Statements for information on lease accounting.

At December 31, 2016 and 2015, $140.1 million and $126.0 million, respectively, of TCF's lease portfolio was discounted with third-party financial institutions on a non-recourse basis, which is recorded in long-term borrowings. The leasing and equipment finance portfolio table below includes lease residuals, including those related to non-recourse debt. Lease residuals represent the estimated fair value of the leased equipment at the expiration of the initial term of the transaction and are reviewed on an ongoing basis. Any downward revisions in estimated fair value are recorded to expense in the periods in which they become known. At December 31, 2016, lease residuals totaled $123.4 million, or 10.0% of original equipment value, including $7.5 million related to non-recourse sales, compared with $118.9 million, or 9.9% of original equipment value, including $11.6 million related to non-recourse sales at December 31, 2015.

TCF's leasing and equipment finance portfolio by equipment type was as follows:

	At December 31,			
	2016		2015	
(Dollars in thousands)	Balance	Percent of Total	Balance	Percent of Total
Specialty vehicles	$ 1,252,951	28.9%	$ 1,110,836	27.7%
Construction	483,231	11.1	447,502	11.1
Golf cart and turf	429,382	9.9	394,939	9.8
Furniture and fixtures	384,975	8.9	296,823	7.4
Medical	336,566	7.8	355,326	8.9
Technology and data processing	321,562	7.4	304,845	7.6
Manufacturing	300,368	6.9	318,750	7.9
Trucks and trailers	271,870	6.3	263,512	6.6
Agricultural	149,192	3.4	151,894	3.8
Other	406,213	9.4	367,821	9.2
Total	$ 4,336,310	100.0%	$ 4,012,248	100.0%

Inventory Finance TCF's inventory finance portfolio represented 13.8% and 12.3% of TCF's total loan and lease portfolio at December 31, 2016 and 2015, respectively. The inventory finance portfolio totaled $2.5 billion and $2.1 billion at December 31, 2016 and 2015, respectively. The increase of $323.4 million, or 15.1%, was primarily due to strong originations and the expansion of the number of active dealers. TCF's inventory finance customers included more than 10,800 and 10,500 active dealers at December 31, 2016 and 2015, respectively. Inventory finance originations increased to $6.7 billion in 2016 compared to $5.8 billion in 2015. Origination levels are impacted by the velocity of fundings and repayments with dealers.

TCF's inventory finance portfolio by marketing segment was as follows:

	At December 31,			
	2016		2015	
(Dollars in thousands)	Balance	Percent of Total	Balance	Percent of Total
Powersports	$ 1,143,226	46.3%	$ 1,038,741	48.4%
Lawn and garden	567,452	23.0	487,541	22.7
Other	759,497	30.7	620,472	28.9
Total	$ 2,470,175	100.0%	$ 2,146,754	100.0%

Auto Finance TCF's auto finance portfolio represented 14.8% and 15.2% of TCF's total loan and lease portfolio at December 31, 2016 and 2015, respectively. The auto finance portfolio totaled $2.6 billion at both December 31, 2016 and 2015. Loans are originated for investment and for sale, including securitizations. TCF sold $2.1 billion and $1.3 billion of auto finance loans in 2016 and 2015, respectively. Auto finance originations increased to $3.6 billion in 2016 compared to $3.2 billion in 2015. The auto finance network included dealers in all 50 states and more than 11,400 and 11,800 active dealers at December 31, 2016 and 2015, respectively. The auto finance portfolio consisted of 23.3% new auto loans and 76.7% used auto loans at December 31, 2016, compared with 24.4% and 75.6%, respectively, at December 31, 2015. The average original FICO score for the auto finance held for investment portfolio was 733 and 725 at December 31, 2016 and 2015, respectively.

Credit Quality The following summarizes TCF's loan and lease portfolio based on the credit quality factors that TCF believes are the most important and should be considered to understand the overall condition of the portfolio. The following items should be considered throughout this section:

- Loans and leases that are over 60-days delinquent have a higher potential to become non-accrual and generally are a leading indicator for future charge-off trends.
- TDR loans are loans to financially troubled borrowers that have been modified such that TCF has granted a concession in terms to improve the likelihood of collection of all principal and modified interest owed.
- Non-accrual loans and leases have been charged down to the estimated fair value of the collateral less selling costs, or reserved for expected loss upon workout.
- Within the performing loans and leases, TCF classifies customers within regulatory classification guidelines. Loans and leases that are "classified" are loans or leases that management has concerns regarding the ability of the borrowers to meet existing loan or lease terms and conditions, but may never become non-accrual or result in a loss.

Included in Note 1, Basis of Presentation and in Note 6, Allowance for Loan and Lease Losses and Credit Quality Information of Notes to Consolidated Financial Statements are disclosures of loans considered to be "impaired" for accounting purposes. Impairment is generally based upon the present value of the expected future cash flows discounted at the loan's initial effective interest rate or for collateral dependent loans at the fair value of collateral less selling expense; however, if payment or satisfaction of the loan is dependent on the operation, rather than the sale of the collateral, the impairment does not include selling costs. Impaired loans include non-accrual commercial loans, non-accrual equipment finance loans, non-accrual inventory finance loans, as well as all TDR loans. Impaired loan accounting policies prescribe specific methodologies for determining a portion of the allowance for loan and lease losses.

Past Due Loans and Leases Over 60-day delinquent loans and leases by type, excluding non-accrual loans and leases, were as follows. Delinquent balances are determined based on the contractual terms of the loan or lease. See Note 6, Allowance for Loan and Lease Losses and Credit Quality Information of Notes to Consolidated Financial Statements for additional information.

	At December 31,			
	2016		2015	
(Dollars in thousands)	60 Days or More Delinquent and Accruing	Percentage of Average Portfolio[(1)]	60 Days or More Delinquent and Accruing	Percentage of Average Portfolio[(1)]
Consumer real estate:				
First mortgage lien	$ 8,725	0.40%	$ 11,565	0.46%
Junior lien	1,404	0.05	1,519	0.05
Total consumer real estate	10,129	0.21	13,084	0.25
Commercial	—	—	1	—
Leasing and equipment finance	4,523	0.10	2,292	0.06
Inventory finance	55	—	118	0.01
Auto finance	6,102	0.23	3,573	0.14
Other	20	0.10	20	0.10
Subtotal	20,829	0.12	19,088	0.11
Portfolios acquired with deteriorated credit quality	—	—	1	0.43
Total	$ 20,829	0.12	$ 19,089	0.11

(1) Excludes average non-accrual loans and leases by portfolio.

Loan Modifications TDR loans were as follows:

(Dollars in thousands)	At December 31, 2016 Accruing TDR Loans	Non-accrual TDR Loans	Total TDR Loans
Consumer real estate	$ 98,606	$ 71,961	$ 170,567
Commercial	20,304	2,170	22,474
Leasing and equipment finance	4,802	1,350	6,152
Inventory finance	—	357	357
Auto finance	2,323	5,504	7,827
Other	6	—	6
Total	$ 126,041	$ 81,342	$ 207,383
Over 60-day delinquent accruing TDR loans as a percentage of total accruing TDR loans	1.19%	N.A.	N.A.

(Dollars in thousands)	At December 31, 2015 Accruing TDR Loans	Non-accrual TDR Loans	Total TDR Loans
Consumer real estate	$ 106,787	$ 79,055	$ 185,842
Commercial	24,731	7,016	31,747
Leasing and equipment finance	2,904	641	3,545
Inventory finance	51	172	223
Auto finance	799	8,440	9,239
Other	11	—	11
Total	$ 135,283	$ 95,324	$ 230,607
Over 60-day delinquent accruing TDR loans as a percentage of total accruing TDR loans	1.54%	N.A.	N.A.

N.A. Not applicable.

Total TDR loans at December 31, 2016 decreased $23.2 million, or 10.1%, from December 31, 2015. Accruing TDR loans at December 31, 2016 decreased $9.2 million, or 6.8%, from December 31, 2015, primarily due to fewer additions in the consumer real estate and commercial portfolios and continued strong customer payment performance in the consumer real estate portfolio. Non-accrual TDR loans at December 31, 2016 decreased $14.0 million, or 14.7%, from December 31, 2015 primarily due to improved credit quality trends in the consumer real estate and commercial portfolios, as well as a decrease in auto finance non-accrual TDR loans due to fewer TDR loans being placed on non-accrual status.

TCF modifies loans through reductions in interest rates, extension of payment dates, term extensions or term extensions with a reduction of contractual payments, but generally not through reductions of principal.

Loan modifications to borrowers who have not been granted concessions are not included in the table above. Loan modifications to troubled borrowers are not reported as TDR loans in the calendar years after modification if the loans were modified to an interest rate equal to or greater than the yields of new loan originations with comparable risk at the time of restructuring and if the loan is performing based on the restructured terms; however, these loans are still considered impaired and follow TCF's impaired loan reserve policies.

TCF typically reduces a consumer real estate customer's contractual payments by reducing the interest rate by an amount appropriate for the borrower's financial condition. Loans discharged in Chapter 7 bankruptcy where the borrower did not reaffirm the debt are reported as non-accrual TDR loans upon discharge as a result of the removal of the borrower's personal liability on the loan. These loans may return to accrual status when TCF expects full repayment of the remaining pre-discharged contractual principal and interest. At December 31, 2016, 57.8% of total consumer real estate TDR loans were accruing and TCF recognized more than 62% of the original contractual interest due on accruing consumer real estate TDR loans in 2016, yielding 4.2%, by modifying the loans to qualified customers instead of foreclosing on the property. At December 31, 2016, collection of principal and interest under the modified terms was reasonably assured on all accruing consumer real estate TDR loans.

Commercial loans modified when on non-accrual status continue to be reported as non-accrual loans until there is sustained repayment performance for a reasonable period of at least six consecutive months. At December 31, 2016, 90.3% of total commercial TDR loans were accruing and TCF recognized more than 92% of the original contractual interest due on accruing commercial TDR loans in 2016, yielding 4.7%. At December 31, 2016, collection of principal and interest under the modified terms was reasonably assured on all accruing commercial TDR loans.

TCF may utilize a multiple note structure as a workout alternative for certain commercial loans, which restructures a troubled loan into two notes. The first note is established at an amount and with market terms that provide reasonable assurance of payment and performance and is classified as a TDR loan. The second note is a separate and distinct legal contract and is still outstanding; however it has been charged-off and may become recoverable if the borrower's financial position improves. At December 31, 2016, one TDR loan restructured as multiple notes with a combined total contractual balance of $9.1 million and a remaining book balance of $8.6 million was included in the preceding table.

See Note 6, Allowance for Loan and Lease Losses and Credit Quality Information of Notes to Consolidated Financial Statements for additional information regarding TCF's loan modifications.

Non-performing Assets TCF's non-accrual loans and leases and other real estate owned were as follows:

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