

# Section 1: 10-K (10-K)

[Table of Contents](#)

---

---

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

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 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**

(State or other jurisdiction of incorporation or organization)

**41-1591444**

(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
Depository Shares, each representing a 1/1000 <sup>th</sup> 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  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

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

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

Indicate by check mark 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.

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

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

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.

**TABLE OF CONTENTS**

<b>Description</b>	<b>Page</b>
<b>Part I</b>	
<a href="#">Item 1. Business</a>	<a href="#">1</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">7</a>
<a href="#">Item 1B. Unresolved Staff Comments</a>	<a href="#">15</a>
<a href="#">Item 2. Properties</a>	<a href="#">16</a>
<a href="#">Item 3. Legal Proceedings</a>	<a href="#">16</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">16</a>
<b>Part II</b>	
<a href="#">Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">17</a>
<a href="#">Item 6. Selected Financial Data</a>	<a href="#">20</a>
<a href="#">Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">21</a>
<a href="#">Item 7A. Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">53</a>
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	<a href="#">54</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">54</a>
<a href="#">Consolidated Financial Statements</a>	<a href="#">55</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">60</a>
<a href="#">Other Financial Data</a>	<a href="#">108</a>
<a href="#">Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</a>	<a href="#">109</a>
<a href="#">Item 9A. Controls and Procedures</a>	<a href="#">109</a>
<a href="#">Management's Report on Internal Control Over Financial Reporting</a>	<a href="#">110</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">111</a>
<a href="#">Item 9B. Other Information</a>	<a href="#">112</a>
<b>Part III</b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	<a href="#">112</a>
<a href="#">Item 11. Executive Compensation</a>	<a href="#">113</a>
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">113</a>
<a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>	<a href="#">113</a>
<a href="#">Item 14. Principal Accountant Fees and Services</a>	<a href="#">113</a>
<b>Part IV</b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	<a href="#">114</a>
<a href="#">Signatures</a>	<a href="#">115</a>
<a href="#">Index to Exhibits</a>	<a href="#">117</a>

## 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 47<sup>th</sup> 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](http://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
<b>2016:</b>			
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
<b>2015:</b>			
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.

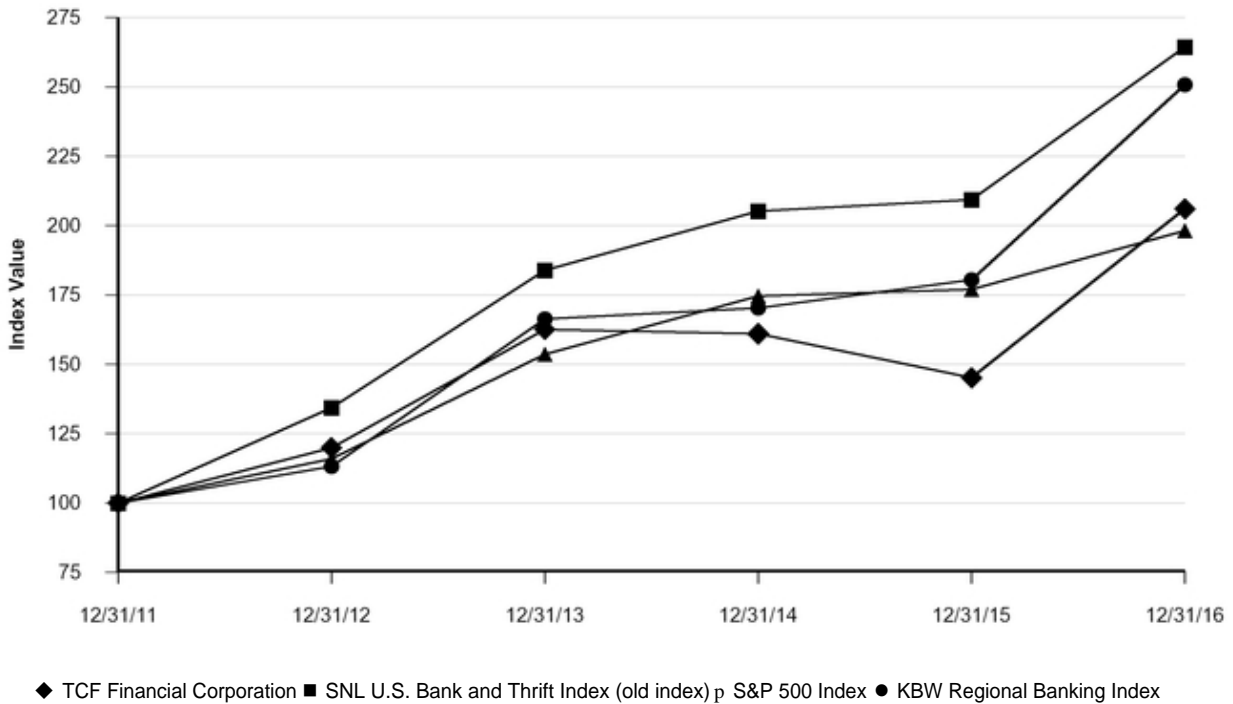
*Total Return Performance*

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**



Index	Year Ended December 31,					
	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
<b>October 1 to October 31, 2016</b>				
Share repurchase program <sup>(1)</sup>	—	\$ —	—	5,384,130
Employee transactions <sup>(2)</sup>	1,412	\$ 14.39	N.A.	N.A.
<b>November 1 to November 30, 2016</b>				
Share repurchase program <sup>(1)</sup>	—	\$ —	—	5,384,130
Employee transactions <sup>(2)</sup>	—	\$ —	N.A.	N.A.
<b>December 1 to December 31, 2016</b>				
Share repurchase program <sup>(1)</sup>	—	\$ —	—	5,384,130
Employee transactions <sup>(2)</sup>	—	\$ —	N.A.	N.A.
<b>Total</b>				
Share repurchase program <sup>(1)</sup>	—	\$ —	—	5,384,130
Employee transactions <sup>(2)</sup>	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

(Dollars in thousands, except per-share data)	At or For the Year Ended December 31,				
	2016	2015	2014	2013	2012
<b>Consolidated Income:</b>					
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
<b>Consolidated Financial Condition:</b>					
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
<b>Financial Ratios:</b>					
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 <sup>(1)</sup>	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)
<b>Credit Quality Ratios:</b>					
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

### Table of Contents

<b>Description</b>	<b>Page</b>
<a href="#">Overview</a>	<a href="#">22</a>
<a href="#">Results of Operations</a>	<a href="#">23</a>
<a href="#">Performance Summary</a>	<a href="#">23</a>
<a href="#">Consolidated Income Statement Analysis</a>	<a href="#">23</a>
<a href="#">Net Interest Income</a>	<a href="#">23</a>
<a href="#">Provision for Credit Losses</a>	<a href="#">27</a>
<a href="#">Non-interest Income</a>	<a href="#">28</a>
<a href="#">Non-interest Expense</a>	<a href="#">29</a>
<a href="#">Income Taxes</a>	<a href="#">29</a>
<a href="#">Reportable Segment Results</a>	<a href="#">30</a>
<a href="#">Consolidated Financial Condition Analysis</a>	<a href="#">33</a>
<a href="#">Securities Available for Sale and Securities Held to Maturity</a>	<a href="#">33</a>
<a href="#">Loans and Leases</a>	<a href="#">34</a>
<a href="#">Credit Quality</a>	<a href="#">38</a>
<a href="#">Liquidity Management</a>	<a href="#">45</a>
<a href="#">Deposits</a>	<a href="#">45</a>
<a href="#">Borrowings</a>	<a href="#">46</a>
<a href="#">Contractual Obligations and Commitments</a>	<a href="#">46</a>
<a href="#">Capital Management</a>	<a href="#">47</a>
<a href="#">Critical Accounting Estimates</a>	<a href="#">48</a>
<a href="#">Recent Accounting Developments</a>	<a href="#">49</a>
<a href="#">Legislative and Regulatory Developments</a>	<a href="#">51</a>
<a href="#">Forward-looking Information</a>	<a href="#">51</a>

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.

[Table of Contents](#)

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 <sup>(1)</sup>	Yields and Rates <sup>(1)</sup>	Average Balance	Interest <sup>(1)</sup>	Yields and Rates <sup>(1)</sup>	Average Balance	Interest	Yields and Rates (bps)
<b>Assets:</b>									
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: <sup>(2)</sup>									
Taxable	719,743	16,238	2.26	564,205	13,930	2.47	155,538	2,308	(21)
Tax-exempt <sup>(3)</sup>	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: <sup>(4)</sup>									
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 <sup>(5)</sup>	1,285,127			1,226,645			58,482		
<b>Total assets</b>	<b>\$ 21,075,415</b>			<b>\$ 19,889,677</b>			<b>\$ 1,185,738</b>		
<b>Liabilities and Equity:</b>									
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.

## Table of Contents

(Dollars in thousands)	Year Ended December 31,								
	2015			2014			Change		
	Average Balance	Interest <sup>(1)</sup>	Yields and Rates <sup>(1)</sup>	Average Balance	Interest <sup>(1)</sup>	Yields and Rates <sup>(1)</sup>	Average Balance	Interest	Yields and Rates (bps)
<b>Assets:</b>									
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: <sup>(2)</sup>									
Taxable	564,205	13,930	2.47	447,016	11,994	2.68	117,189	1,936	(21)
Tax-exempt <sup>(3)</sup>	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: <sup>(4)</sup>									
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 <sup>(5)</sup>	1,226,645			1,123,213			103,432		
<b>Total assets</b>	<b>\$ 19,889,677</b>			<b>\$ 18,897,391</b>			<b>\$ 992,286</b>		
<b>Liabilities and Equity:</b>									
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		
<b>Total liabilities</b>	<b>17,672,473</b>			<b>16,838,949</b>			<b>833,524</b>		
Total TCF Financial Corp. stockholders <sup>1</sup>									



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

(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:

(In thousands)	Year Ended					
	December 31, 2016			December 31, 2015		
	Versus December 31, 2015			Versus December 31, 2014		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Total	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Total
<b>Interest income:</b>						
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
<b>Interest expense:</b>						
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:

(Dollars in thousands)	Year Ended December 31,						Change			
	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
<b>Total</b>	<b>\$ 65,874</b>	<b>100.0%</b>	<b>\$ 52,944</b>	<b>100.0%</b>	<b>\$ 95,737</b>	<b>100.0 %</b>	<b>\$ 12,930</b>	<b>24.4</b>	<b>\$(42,793)</b>	<b>(44.7)</b>

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:

(Dollars in thousands)	Year Ended December 31,			Change	
	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:

(Dollars in thousands)	Year Ended December 31,			Change	
	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.

(Dollars in thousands)	At December 31,					
	2016			2015		
	Amortized Cost	Fair Value	Tax-equivalent Yield	Amortized Cost	Fair Value	Tax-equivalent Yield
<b>Securities available for sale:</b>						
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
<b>Total securities available for sale</b>	<b>\$ 1,456,712</b>	<b>\$ 1,423,435</b>	<b>2.63</b>	<b>\$ 889,744</b>	<b>\$ 888,885</b>	<b>2.65</b>
<b>Securities held to maturity:</b>						
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
<b>Total securities held to maturity</b>	<b>\$ 181,314</b>	<b>\$ 183,946</b>	<b>2.55</b>	<b>\$ 201,920</b>	<b>\$ 206,953</b>	<b>2.64</b>

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

(Dollars in thousands)	At December 31,					Compound Annual Growth Rate	
	2016	2015	2014	2013	2012	1-Year 2016 / 2015	5-Year 2016 / 2011
<b>Consumer real estate:</b>							
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)
<b>Commercial:</b>							
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
<b>Geographic Distribution:</b>							
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:

(In thousands)	At December 31, 2016 <sup>(1)</sup>						
	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
<b>Amounts due:</b>							
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
<b>Total</b>	<b>\$ 5,084,352</b>	<b>\$ 3,286,478</b>	<b>\$ 4,336,310</b>	<b>\$ 2,470,175</b>	<b>\$ 2,647,741</b>	<b>\$ 18,771</b>	<b>\$ 17,843,827</b>
<b>Amounts due after 1 year:</b>							
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
<b>Total after 1 year</b>	<b>\$ 4,968,955</b>	<b>\$ 2,769,829</b>	<b>\$ 2,898,292</b>	<b>\$ —</b>	<b>\$ 2,026,371</b>	<b>\$ 8,910</b>	<b>\$ 12,672,357</b>

(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<sup>®</sup>") 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:

(In thousands)	At December 31,					
	2016			2015		
	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 <sup>(1)</sup>	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
<b>Total</b>	<b>\$ 2,356,287</b>	<b>\$ 277,904</b>	<b>\$ 2,634,191</b>	<b>\$ 2,267,218</b>	<b>\$ 326,211</b>	<b>\$ 2,593,429</b>

(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	
	60 Days or More Delinquent and Accruing	Percentage of Average Portfolio <sup>(1)</sup>	60 Days or More Delinquent and Accruing	Percentage of Average Portfolio <sup>(1)</sup>
(Dollars in thousands)				
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
<b>Total</b>	<b>\$ 126,041</b>	<b>\$ 81,342</b>	<b>\$ 207,383</b>
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
<b>Total</b>	<b>\$ 135,283</b>	<b>\$ 95,324</b>	<b>\$ 230,607</b>
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:

(Dollars in thousands)	At December 31,				
	2016	2015	2014	2013	2012
<b>Consumer real estate:</b>					
First mortgage lien	\$ 106,125	\$ 124,156	\$ 137,790	\$ 180,811	\$ 199,631
Junior lien	46,346	44,113	35,481	38,222	35,269
Total consumer real estate	152,471	168,269	173,271	219,033	234,900
<b>Commercial:</b>					
Commercial real estate	5,564	6,737	24,554	36,178	118,300
Commercial business	355	3,588	481	4,361	9,446
Total commercial	5,919	10,325	25,035	40,539	127,746
Leasing and equipment finance	10,880	11,262	12,670	14,041	13,652
Inventory finance	5,134	1,098	2,082	2,529	1,487
Auto finance	7,038	9,509	3,676	470	101
Other	3	3	—	410	1,571
Total non-accrual loans and leases	181,445	200,466	216,734	277,022	379,457
<b>Other real estate owned:</b>					
Consumer real estate	34,070	42,912	44,932	47,637	69,599
Commercial real estate	12,727	7,070	20,718	21,237	27,379
Total other real estate owned	46,797	49,982	65,650	68,874	96,978
Total non-accrual loans and leases and other real estate owned	\$ 228,242	\$ 250,448	\$ 282,384	\$ 345,896	\$ 476,435
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 non-accrual loans and leases	88.33	77.85	75.75	91.05	70.40

Non-accrual loans and leases at December 31, 2016 decreased \$19.0 million, or 9.5%, from December 31, 2015, primarily due to improved credit quality trends in the consumer real estate and commercial portfolios and lower non-accrual TDR loans in the auto finance portfolio, partially offset by an increase in non-accrual loans in the inventory finance portfolio. Other real estate owned at December 31, 2016 decreased \$3.2 million, or 6.4%, from December 31, 2015, primarily due to sales of other real estate owned outpacing additions. Consumer real estate loans in process of foreclosure were \$32.1 million and \$44.5 million at December 31, 2016 and 2015, respectively. See Note 1, Basis of Presentation of Notes to Consolidated Financial Statements for additional information.

Loans and leases are generally placed on non-accrual status when the collection of interest or principal is 90 days or more past due unless, in the case of commercial loans, they are well secured and in process of collection. Delinquent consumer real estate junior lien loans are also placed on non-accrual status when there is evidence that the related third-party first lien mortgage may be 90 days or more past due, or foreclosure, charge-off or collection action has been initiated. TDR loans are placed on non-accrual status prior to the past due thresholds outlined above if repayment under the modified terms is not likely after performing a well-documented credit analysis. Loans on non-accrual status are generally reported as non-accrual loans until there is sustained repayment performance for six consecutive months, with the exception of loans not reaffirmed upon discharge under Chapter 7 bankruptcy, which remain on non-accrual status until a well-documented credit analysis indicates full repayment of the remaining pre-discharged contractual principal and interest is likely. Most of TCF's non-accrual loans and past due loans are secured by real estate. Given the nature of these assets and the related mortgage foreclosure, property sale and, if applicable, mortgage insurance claims processes, it can take 18 months or longer for a loan to migrate from initial delinquency to final disposition. This resolution process generally takes much longer for loans secured by real estate than for unsecured loans or loans secured by other property primarily due to state real estate foreclosure laws.

Changes in the amount of non-accrual loans and leases for the years ended December 31, 2016 and 2015 were as follows:

(In thousands)	At or For the Year Ended December 31, 2016						
	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Balance, beginning of period	\$ 168,269	\$ 10,325	\$ 11,262	\$ 1,098	\$ 9,509	\$ 3	\$ 200,466
Additions	89,484	5,325	20,714	12,963	5,762	156	134,404
(Charge-offs) recoveries	(12,674)	(727)	(5,074)	(1,498)	(2,675)	(91)	(22,739)
Transfers to other assets	(43,965)	—	(4,541)	(1,496)	(1,455)	—	(51,457)
Return to accrual status	(19,522)	—	(3,614)	(1,242)	—	—	(24,378)
Payments received	(28,949)	(15,812)	(7,867)	(4,784)	(4,044)	(65)	(61,521)
Sales	—	(3,664)	—	—	—	—	(3,664)
Other, net	(172)	10,472	—	93	(59)	—	10,334
Balance, end of period	\$ 152,471	\$ 5,919	\$ 10,880	\$ 5,134	\$ 7,038	\$ 3	\$ 181,445

(In thousands)	At or For the Year Ended December 31, 2015						
	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Balance, beginning of period	\$ 173,271	\$ 25,035	\$ 12,670	\$ 2,082	\$ 3,676	\$ —	\$ 216,734
Additions	131,585	13,723	16,797	12,242	11,003	35	185,385
(Charge-offs) recoveries	(25,409)	(5,247)	(5,483)	(1,271)	(1,667)	49	(39,028)
Transfers to other assets	(59,203)	(245)	(2,648)	(1,482)	(953)	—	(64,531)
Return to accrual status	(25,981)	(2,827)	(2,352)	(6,278)	—	—	(37,438)
Payments received	(26,368)	(19,644)	(7,722)	(4,976)	(2,550)	(81)	(61,341)
Sales	—	(4,083)	—	—	—	—	(4,083)
Other, net	374	3,613	—	781	—	—	4,768
Balance, end of period	\$ 168,269	\$ 10,325	\$ 11,262	\$ 1,098	\$ 9,509	\$ 3	\$ 200,466

*Loan Credit Classifications* TCF assesses the risk of its loan and lease portfolio utilizing numerous risk characteristics as outlined in the previous sections. Loan credit classifications are an additional characteristic that is closely monitored in the overall credit risk process. Loan credit classifications are derived from standard regulatory rating definitions, which include: non-classified (pass and special mention) and classified (substandard and doubtful). Classified loans and leases have well-defined weaknesses, but may never result in a loss.

Loans and leases by portfolio and regulatory classification were as follows:

(In thousands)	At December 31, 2016					
	Non-classified		Classified		Total	
	Pass	Special Mention	Substandard	Doubtful		
Consumer real estate	\$ 4,877,740	\$ 40,253	\$ 166,359	\$ —	\$ 5,084,352	
Commercial	3,190,241	61,771	34,466	—	3,286,478	
Leasing and equipment finance	4,285,065	23,441	27,804	—	4,336,310	
Inventory finance	2,163,764	139,385	167,026	—	2,470,175	
Auto finance	2,631,406	244	16,091	—	2,647,741	
Other	18,750	—	21	—	18,771	
<b>Total loans and leases</b>	<b>\$ 17,166,966</b>	<b>\$ 265,094</b>	<b>\$ 411,767</b>	<b>\$ —</b>	<b>\$ 17,843,827</b>	

(In thousands)	At December 31, 2015					
	Non-classified		Classified		Total	
	Pass	Special Mention	Substandard	Doubtful		
Consumer real estate	\$ 5,210,975	\$ 62,722	\$ 190,575	\$ —	\$ 5,464,272	
Commercial	3,035,320	65,382	45,130	—	3,145,832	
Leasing and equipment finance	3,969,191	19,806	23,251	—	4,012,248	
Inventory finance	1,887,505	138,945	120,304	—	2,146,754	
Auto finance	2,632,589	—	15,007	—	2,647,596	
Other	19,274	—	23	—	19,297	
<b>Total loans and leases</b>	<b>\$ 16,754,854</b>	<b>\$ 286,855</b>	<b>\$ 394,290</b>	<b>\$ —</b>	<b>\$ 17,435,999</b>	

Total classified loans and leases were \$411.8 million and \$394.3 million at December 31, 2016 and 2015, respectively. The increase of \$17.5 million from December 31, 2015 was primarily due to an increase in the inventory finance portfolio, partially offset by a decrease in the consumer real estate and commercial portfolios due to improved credit quality trends.

*Allowance for Loan and Lease Losses* The determination of the allowance for loan and lease losses 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 of the amount of the allowance 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 various factors used in the methodologies are reviewed on a periodic basis.

The Company considers the allowance for loan and lease losses of \$160.3 million appropriate to cover losses incurred in the loan and lease portfolios at December 31, 2016. However, no assurance can be given that TCF will not, in any particular period, sustain loan and lease losses that are sizable in relation to the amount reserved or will not require significant changes in the balance of the allowance for loan and lease losses due to subsequent evaluations of the loan and lease portfolios, in light of factors then prevailing, including economic conditions, information obtained during TCF's ongoing credit review process or regulatory requirements. Among other factors, an economic slowdown, increasing levels of unemployment and/or a decline in collateral values may have an adverse impact on the current adequacy of the allowance for loan and lease losses by increasing credit risk and the risk of potential loss.

The total allowance for loan and lease losses is generally available to absorb losses from any segment of the portfolio. The allocation of TCF's allowance for loan and lease losses disclosed in the following table is subject to change based on changes in the criteria used to evaluate the allowance and is not necessarily indicative of the trend of future losses in any particular portfolio.

In conjunction with Note 6, Allowance for Loan and Lease Losses and Credit Quality Information of Notes to Consolidated Financial Statements, detailed information regarding TCF's allowance for loan and lease losses was as follows:

(Dollars in thousands)	Credit Loss Reserves					Credit Loss Reserves as a Percentage of Portfolio				
	At December 31,					At December 31,				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
<b>Consumer real estate:</b>										
First mortgage lien	\$ 33,828	\$ 36,888	\$ 55,319	\$ 133,009	\$ 119,957	1.48%	1.41%	1.76%	3.53%	2.83%
Junior lien	25,620	31,104	30,042	43,021	62,056	0.92	1.10	1.18	1.67	2.55
Consumer real estate	59,448	67,992	85,361	176,030	182,013	1.17	1.24	1.50	2.78	2.73
<b>Commercial:</b>										
Commercial real estate	22,785	22,215	24,616	32,405	47,821	0.86	0.86	0.94	1.18	1.55
Commercial business	9,910	7,970	6,751	5,062	3,754	1.52	1.44	1.27	1.25	1.16
Total commercial	32,695	30,185	31,367	37,467	51,575	0.99	0.96	0.99	1.19	1.51
Leasing and equipment finance	21,350	19,018	18,446	18,733	21,037	0.49	0.47	0.49	0.55	0.66
Inventory finance	13,932	11,128	10,020	8,592	7,569	0.56	0.52	0.53	0.52	0.48
Auto finance	32,310	26,486	18,230	10,623	4,136	1.22	1.00	0.95	0.86	0.75
Other	534	1,245	745	785	798	2.84	6.45	3.09	2.94	2.86
Total allowance for loan and lease losses	160,269	156,054	164,169	252,230	267,128	0.90	0.90	1.00	1.59	1.73
<b>Other credit loss reserves:</b>										
Reserves for unfunded commitments	1,115	1,044	943	980	2,456	N.A.	N.A.	N.A.	N.A.	N.A.
Total credit loss reserves	\$ 161,384	\$ 157,098	\$ 165,112	\$ 253,210	\$ 269,584	0.90	0.90	1.01	1.60	1.75

N.A. Not Applicable.

Reconciliations of changes in the allowance for loan and lease losses were as follows:

(Dollars in thousands)	Year Ended December 31,				
	2016	2015	2014	2013	2012
Balance, beginning of period	\$ 156,054	\$ 164,169	\$ 252,230	\$ 267,128	\$ 255,672
Charge-offs:					
Consumer real estate:					
First mortgage lien	(10,413)	(19,448)	(43,632)	(60,363)	(101,595)
Junior lien	(8,211)	(14,239)	(19,494)	(37,145)	(83,190)
Total consumer real estate	(18,624)	(33,687)	(63,126)	(97,508)	(184,785)
Commercial:					
Commercial real estate	(752)	(5,225)	(8,646)	(28,287)	(34,642)
Commercial business	(1)	(24)	(11)	(657)	(6,194)
Total commercial	(753)	(5,249)	(8,657)	(28,944)	(40,836)
Leasing and equipment finance	(7,738)	(7,631)	(7,316)	(7,277)	(15,248)
Inventory finance	(2,623)	(2,501)	(1,653)	(1,141)	(1,838)
Auto finance	(26,994)	(18,386)	(11,856)	(5,305)	(1,164)
Other	(7,353)	(7,093)	(8,359)	(9,115)	(10,239)
Total charge-offs	(64,085)	(74,547)	(100,967)	(149,290)	(254,110)
Recoveries:					
Consumer real estate:					
First mortgage lien	1,206	1,578	1,513	2,055	1,067
Junior lien	5,859	5,850	5,354	6,589	4,582
Total consumer real estate	7,065	7,428	6,867	8,644	5,649
Commercial:					
Commercial real estate	308	2,032	754	2,667	1,762
Commercial business	65	1,737	2,133	103	197
Total commercial	373	3,769	2,887	2,770	1,959
Leasing and equipment finance	2,386	2,792	3,705	3,968	5,058
Inventory finance	816	1,019	826	373	333
Auto finance	3,853	2,971	1,491	607	30
Other	4,357	5,034	5,860	6,518	7,314
Total recoveries	18,850	23,013	21,636	22,880	20,343
Net charge-offs	(45,235)	(51,534)	(79,331)	(126,410)	(233,767)
Provision for credit losses	65,874	52,944	95,737	118,368	247,443
Other <sup>(1)</sup>	(16,424)	(9,525)	(104,467)	(6,856)	(2,220)
Balance, end of period	\$ 160,269	\$ 156,054	\$ 164,169	\$ 252,230	\$ 267,128
Net charge-offs as a percentage of average loans and leases	0.26%	0.30%	0.49%	0.81%	1.54%

(1) Included in Other in 2014 is the transfer of \$95.3 million, comprised of \$77.0 million of previously established allowance for loan and lease losses and an additional \$18.3 million of write-downs arising from the transfer to loans held for sale in conjunction with the portfolio sale of consumer real estate TDR loans.

During 2016, total net charge-offs decreased \$6.3 million primarily due to a decrease in consumer real estate net charge-offs, partially offset by an increase in auto finance net charge-offs. The decrease in net charge-offs in the consumer real estate portfolio was primarily due to improved credit quality and increased home values. The increase in net charge-offs in the auto finance portfolio was primarily due to the maturation of the portfolio and an industry decline in used auto values. During 2015, total net charge-offs decreased \$27.8 million primarily due to a decrease in consumer real estate net charge-offs as a result of the improving economy, as incidents of default decreased and home values increased and a decrease in commercial net charge-offs due to improved credit quality and continued efforts to actively work out problem loans. These decreases were partially offset by an increase in net charge-offs in the auto finance portfolio primarily due to growth and maturation of the portfolio.

**Liquidity Management** TCF manages its liquidity to ensure that the funding needs of depositors and borrowers are met both promptly and in a cost-effective manner. Asset liquidity arises from the amortization, prepayment or maturity of assets and from the ability of TCF to sell or securitize loans. Liability liquidity results from the ability of TCF to maintain a diverse set of funding sources to promptly meet funding requirements.

TCF's Asset & Liability Committee ("ALCO") and the Finance Committee of TCF Financial's Board of Directors have adopted a Liquidity Management Policy for TCF Bank to direct management of the Company's liquidity risk. See "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" for more information.

TCF Bank had \$256.6 million and \$538.7 million of net liquidity qualifying interest-bearing deposits at the Federal Reserve Bank at December 31, 2016 and 2015, respectively. Interest-bearing deposits held at the Federal Reserve Bank and unencumbered U.S. Government sponsored enterprises and federal agencies mortgage-backed securities were \$1.2 billion and \$1.3 billion at December 31, 2016 and 2015, respectively. In addition, TCF held unencumbered obligations of states and political subdivisions totaling \$612.5 million and \$266.9 million at December 31, 2016 and 2015, respectively.

ALCO and the Finance Committee of TCF Financial's Board of Directors have adopted a Holding Company Investment and Liquidity Management Policy, which establishes a minimum target amount of cash or liquid investments TCF Financial will hold. See "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" for more information. TCF Financial had cash and due from bank of \$69.7 million and \$69.5 million at December 31, 2016 and 2015, respectively.

Deposits are the primary source of TCF's funds for use in lending and for other general business purposes. In addition to deposits, TCF receives funds from loan and lease repayments, loan sales and securitizations, and borrowings. Lending activities, such as loan originations and purchases and equipment purchases for lease financing, are the primary uses of TCF's funds. Deposit inflows and outflows are significantly influenced by general interest rates, money market conditions, competition for funds, customer service and other factors. TCF's deposit inflows and outflows have been and will continue to be affected by these factors. Borrowings may be used to compensate for reductions in normal sources of funds, such as deposit inflows at less than projected levels, net deposit outflows or to fund balance sheet growth. Historically, TCF has borrowed primarily from the Federal Home Loan Bank ("FHLB") of Des Moines, institutional sources under repurchase agreements and other sources. TCF had \$1.9 billion of additional borrowing capacity at the FHLB of Des Moines at December 31, 2016, as well as access to the Federal Reserve Discount Window. In addition, TCF maintains a diversified set of unsecured and uncommitted funding sources, including access to overnight federal funds purchased lines, brokered deposits and capital markets.

The primary source of funding for TCF Commercial Finance Canada, Inc. ("TCFCFC") is a line of credit with TCF Bank. TCFCFC also maintains a \$20.0 million Canadian dollar-denominated line of credit facility with a counterparty, which is guaranteed by TCF Bank. At December 31, 2016, TCFCFC had \$2.2 million (USD) outstanding under the line of credit with the counterparty and it was unused at December 31, 2015.

**Deposits** Deposits totaled \$17.2 billion at December 31, 2016, an increase of \$0.5 billion, or 3.1%, from December 31, 2015, primarily due to an increase in checking account balances and certificates of deposit.

Non-interest bearing checking accounts represented 20.0% of total deposits at December 31, 2016, compared with 19.1% at December 31, 2015. TCF's weighted-average rate for deposits, including non-interest bearing deposits, was 0.36% at December 31, 2016, compared with 0.30% at December 31, 2015. The increase was primarily due to increased average rates resulting from promotions for certificates of deposit.

Checking, savings and certain money market deposits are an important source of low or no interest cost funds for TCF. The average balance of these types of deposits was \$10.6 billion and \$10.0 billion for 2016 and 2015, respectively. These deposits comprised 62.1% of total average deposits for 2016, compared with 62.6% of total average deposits for 2015.



[Table of Contents](#)

Certificates of deposit totaled \$4.1 billion at December 31, 2016, compared with \$3.9 billion at December 31, 2015. The maturities of certificates of deposit with denominations equal to or greater than \$100,000 at December 31, 2016 were as follows:

(In thousands)	Denominations \$100 Thousand or Greater at December 31, 2016
<b>Maturity:</b>	
Three months or less	\$ 388,777
Over three through six months	331,697
Over six through 12 months	1,003,841
Over 12 months	309,419
<b>Total</b>	<b>\$ 2,033,734</b>

**Borrowings** Borrowings totaled \$1.1 billion and \$1.0 billion at December 31, 2016 and 2015, respectively. Historically, TCF has borrowed primarily from the FHLB of Des Moines, institutional sources under repurchase agreements and other sources.

See Note 10, Short-term Borrowings and Note 11, Long-term Borrowings of Notes to Consolidated Financial Statements for additional information regarding TCF's borrowings.

**Contractual Obligations and Commitments** As discussed further in Note 7, Premises and Equipment; Note 9, Deposits; Note 10, Short-term Borrowings; Note 11, Long-term Borrowings and Note 17, Financial Instruments with Off-Balance Sheet Risk of Notes to Consolidated Financial Statements, TCF has certain obligations and commitments to make future payments under contracts.

At December 31, 2016, the aggregate contractual obligations and commitments were as follows:

(In thousands)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
<b>Contractual Obligations:</b>					
Certificates of deposit	\$ 4,092,423	\$ 3,392,044	\$ 662,411	\$ 24,063	\$ 13,905
Total borrowings	1,078,921	64,236	741,803	16,176	256,706
Annual rental commitments under non-cancelable operating leases	191,931	28,264	55,076	37,853	70,738
Contractual interest payments <sup>(1)</sup>	149,413	55,680	39,930	28,678	25,125
Campus marketing agreement	28,404	2,829	5,642	5,643	14,290
Investments in affordable housing limited liability entities	12,565	9,746	2,819	—	—
Construction contracts and land purchase commitments for future branch sites	3,447	3,447	—	—	—
<b>Total</b>	<b>\$ 5,557,104</b>	<b>\$ 3,556,246</b>	<b>\$ 1,507,681</b>	<b>\$ 112,413</b>	<b>\$ 380,764</b>

(1) Includes accrued interest and future contractual interest obligations on borrowings and time deposits.

(In thousands)	Amount of Commitment - Expiration by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
<b>Commitments:</b>					
Commitments to extend credit:					
Consumer real estate and other	\$ 1,425,585	\$ 44,511	\$ 115,134	\$ 21,986	\$ 1,243,954
Commercial	898,809	127,913	490,833	254,665	25,398
Leasing and equipment finance	125,648	125,648	—	—	—
<b>Total commitments to extend credit</b>	<b>2,450,042</b>	<b>298,072</b>	<b>605,967</b>	<b>276,651</b>	<b>1,269,352</b>
Standby letters of credit and guarantees on industrial revenue bonds	8,782	7,926	281	575	—
<b>Total</b>	<b>\$ 2,458,824</b>	<b>\$ 305,998</b>	<b>\$ 606,248</b>	<b>\$ 277,226</b>	<b>\$ 1,269,352</b>

Unrecognized tax benefits, projected benefit obligations, demand deposits with indeterminate maturities and discretionary credit facilities that do not obligate the Company to lend have been excluded from the contractual obligations table above.

TCF's campus marketing agreement consists of fixed and minimum obligations for exclusive marketing rights and naming rights with one university. TCF is obligated to make annual payments for the exclusive marketing rights through 2023 with a renewal option to extend the terms through 2029. TCF is obligated to make annual payments for the exclusive naming rights through 2023.

Commitments to extend credit are agreements to lend to a customer provided there is no violation of any condition in the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Collateral to secure any funding of these commitments predominantly consists of residential and commercial real estate.

Standby letters of credit and guarantees on industrial revenue bonds are conditional commitments issued by TCF guaranteeing the performance of a customer to a third party. These conditional commitments expire in various years through 2020. Collateral held consists primarily of commercial real estate mortgages. Since the conditions under which TCF is required to fund these commitments may not materialize, the cash requirements are expected to be less than the total outstanding commitments.

**Capital Management** TCF is committed to managing capital to maintain protection for stockholders, depositors and creditors. TCF employs a variety of capital management tools to achieve its capital goals, including, but not limited to, dividends, public offerings of preferred and common stock, common stock repurchases and the issuance or redemption of subordinated debt and other capital instruments. TCF maintains a Capital Planning and Dividend Policy which applies to TCF Financial and incorporates TCF Bank's Capital Planning and Dividend Policy. These policies ensure that capital strategy actions, including the addition of new capital, if needed, common stock repurchases, or the declaration of preferred stock, common stock and bank 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 and overall financial condition. TCF and TCF Bank manage their capital levels to exceed all regulatory capital requirements, which were exceeded at December 31, 2016 and 2015. See Note 14, Regulatory Capital Requirements of Notes to Consolidated Financial Statements.

*Preferred Stock* At December 31, 2016, there were 6,900,000 depository shares outstanding, each representing a 1/1,000<sup>th</sup> interest in a share of the Series A Non-Cumulative Perpetual Preferred Stock of TCF Financial Corporation, par value \$.01 per share, with a liquidation preference of \$25,000 per share (equivalent to \$25 per depository share)(the "Series A Preferred Stock"). Dividends are payable on the Series A Preferred Stock if, as and when declared by TCF's Board of Directors on a non-cumulative basis on March 1, June 1, September 1 and December 1 of each year at a per annum rate of 7.5%. The Series A Preferred Stock may be redeemed at TCF's option in whole or in part on or after June 25, 2017.

At December 31, 2016, there were 4,000,000 shares outstanding of the 6.45% Series B Non-Cumulative Perpetual Preferred Stock of TCF Financial Corporation, par value \$.01 per share, with a liquidation preference of \$25 per share (the "Series B Preferred Stock"). Dividends are payable on the Series B Preferred Stock if, as and when declared by TCF's Board of Directors on a non-cumulative basis on March 1, June 1, September 1 and December 1 of each year at a per annum rate of 6.45%. The Series B Preferred Stock may be redeemed at TCF's option in whole or in part on or after December 19, 2017.

*Equity* Total equity at December 31, 2016 was \$2.4 billion, or 11.4% of total assets, compared with \$2.3 billion, or 11.2% of total assets, at December 31, 2015. Dividends to common stockholders on a per share basis totaled 7.5 cents for each quarter of the year ended December 31, 2016 and the quarter ended December 31, 2015, an increase of 50% from a per share basis of 5 cents for each of the first three quarters of 2015. TCF's common dividend payout ratio for the quarters ended December 31, 2016 and 2015 was 27.8% and 25.9%, respectively. TCF Financial's primary funding sources for dividends are earnings and dividends received from TCF Bank.

At December 31, 2016, TCF had 5.4 million shares remaining in its stock repurchase program authorized by its Board of Directors, which has no expiration. Prior consultation with the Federal Reserve is required before TCF could repurchase any shares of its common stock.

Common equity at December 31, 2016 was \$2.2 billion, or 10.09% of total assets, compared with \$2.0 billion, or 9.80% of total assets, at December 31, 2015. Tangible common equity at December 31, 2016 was \$1.9 billion, or 9.13% of total tangible assets, compared with \$1.8 billion, or 8.79% of total tangible assets, at December 31, 2015. Tangible common equity is not a financial measure recognized under generally accepted accounting principles in the United States ("GAAP") (i.e., non-GAAP). Tangible common equity represents total equity less preferred stock, goodwill, other intangible assets and non-controlling interest in subsidiaries. Tangible assets represent total assets less goodwill and other intangible assets. When evaluating capital adequacy and utilization, management considers financial measures such as tangible common equity to tangible assets. This non-GAAP financial measure is viewed by management as a useful indicator of capital levels available to withstand unexpected market or economic conditions and also provide investors, regulators and other users with information to be viewed in relation to other banking institutions.

Reconciliations of the non-GAAP financial measures of tangible common equity and tangible assets to the GAAP measures of total equity and total assets, respectively, were as follows:

(Dollars in thousands)	At December 31,				
	2016	2015	2014	2013	2012
Computation of tangible common equity to tangible assets:					
Total equity	\$ 2,444,645	\$ 2,306,917	\$ 2,135,364	\$ 1,964,759	\$ 1,876,643
Less: Non-controlling interest in subsidiaries	17,162	16,001	13,715	11,791	13,270
Total TCF Financial Corporation stockholders' equity	2,427,483	2,290,916	2,121,649	1,952,968	1,863,373
Less: Preferred stock	263,240	263,240	263,240	263,240	263,240
Total common stockholders' equity (a)	2,164,243	2,027,676	1,858,409	1,689,728	1,600,133
Less:					
Goodwill	225,640	225,640	225,640	225,640	225,640
Other intangibles <sup>(1)</sup>	1,738	3,126	4,641	6,326	8,674
Tangible common equity (b)	\$ 1,936,865	\$ 1,798,910	\$ 1,628,128	\$ 1,457,762	\$ 1,365,819
Total assets (c)	\$ 21,441,326	\$ 20,689,609	\$ 19,393,656	\$ 18,378,769	\$ 18,224,736
Less:					
Goodwill	225,640	225,640	225,640	225,640	225,640
Other intangibles <sup>(1)</sup>	1,738	3,126	4,641	6,326	8,674
Tangible assets (d)	\$ 21,213,948	\$ 20,460,843	\$ 19,163,375	\$ 18,146,803	\$ 17,990,422
Common equity to assets (a) / (c)	10.09%	9.80%	9.58%	9.19%	8.78%
Tangible common equity to tangible assets (b) / (d)	9.13%	8.79%	8.50%	8.03%	7.59%

(1) Includes non-mortgage servicing assets.

### Critical Accounting Estimates

Critical accounting estimates occur in certain accounting policies and procedures and are particularly susceptible to significant change. Policies that contain critical accounting estimates include the determination of the allowance for loan and lease losses, the determination of lease classification and the determination of current and deferred income taxes. See Note 1, Basis of Presentation of Notes to Consolidated Financial Statements for further discussion of critical accounting policies.

## **Recent Accounting Developments**

In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2017-04: *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates Step 2 from the goodwill impairment test. Under the new guidance, if a reporting unit’s carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard eliminates the requirement to calculate an implied goodwill value using Step 2 to measure impairment. The ASU does not change the guidance on completing Step 1 of the goodwill impairment test. An entity will still be able to perform today’s optional qualitative goodwill impairment assessment before determining whether to proceed to Step 1. The adoption of this ASU will be required on a prospective basis for annual or any interim goodwill impairment tests performed by TCF after January 1, 2020. Early adoption is allowed. The adoption of this ASU will not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business with the objective of adding guidance to assist companies with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The ASU provides a more robust framework to use in determining when a set of assets and activities is a business. The adoption of this ASU will be required on a prospective basis beginning with TCF’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2018. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires entities to show changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The adoption of this ASU will be required on a retrospective basis beginning with TCF’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2018. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain types of cash receipts and cash payments are presented in the statement of cash flows. The adoption of this ASU will be required on a retrospective basis beginning with TCF’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2018. Early adoption is allowed. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets, including trade and other receivables, held to maturity debt securities, loans and purchased financial assets with credit deterioration. The adoption of this ASU will be required on a modified retrospective basis with a cumulative-effect adjustment required beginning with TCF’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2020. Early adoption is allowed. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The most significant change made will be the recognition of all excess tax benefits and deficiencies as income tax expense or benefit in the statement of income. Certain amendments in the ASU will be required to be applied on a prospective basis and others will be required to be applied on a retrospective basis. This ASU is effective beginning with TCF’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2017. Early adoption is allowed. The adoption of this ASU will not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, *Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*, which eliminates the requirement to retrospectively apply the equity method in previous periods when an investor initially obtains significant influence over the investee. The adoption of this ASU will be required on a prospective basis beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2017. Early adoption is allowed. The adoption of this ASU will not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments*, which clarifies the requirements for assessing whether contingent put and call options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The adoption of this ASU will be required on a modified retrospective basis beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2017. Early adoption is allowed. The adoption of this ASU will not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-05, *Derivatives and Hedging (Topic 815): Effects of Derivative Contract Novations on Existing Hedge Accounting Relationships*, which clarifies that the novation of a derivative contract in a hedge accounting relationship does not, in and of itself, require dedesignation of that hedge accounting relationship. The adoption of this ASU will be required on a prospective or modified retrospective basis beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2017. Early adoption is allowed. The adoption of this ASU will not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-04, *Liabilities - Extinguishment of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products*, which requires issuers of prepaid stored-value products redeemable for goods, services or cash at third-party merchants to derecognize liabilities related to those products for breakage. The adoption of this ASU will be required on a retrospective or modified retrospective basis beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2018. Early adoption is allowed. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which, among other amendments, requires lessees to recognize most leases on their balance sheet. Lessor accounting is largely unchanged. The ASU requires both quantitative and qualitative disclosure regarding key information about leasing arrangements from both lessees and lessors. The adoption of this ASU will be required on a modified retrospective basis beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2019. Early adoption is allowed. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends the classification and measurement of investments in equity securities, simplifies the impairment analysis of equity investments without readily determinable fair values, requires separate presentation of certain fair value changes for financial liabilities measured at fair value and eliminates certain disclosure requirements associated with the fair value of financial instruments. The adoption of this ASU will be required on a prospective basis with a cumulative-effect adjustment required beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2018. With limited exceptions, early adoption is prohibited. The adoption of this ASU will not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delays the effective date of the new revenue recognition requirements in ASU No. 2014-09 by one-year. In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation, and how it should apply the control principle to certain types of arrangements by explaining what a principal controls before the specified good or service is transferred to the customer. In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which amends the guidance for identifying performance obligations and accounting for a license which grants the right to use intellectual property. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which provides narrow-scope improvements to transition, collectability, noncash consideration and the presentation of sales and other similar taxes. In December 2016, the FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which provides guidance that affects narrow aspects of the guidance issued in ASU No. 2014-09. The adoption of these ASUs will be required using one of two retrospective application methods beginning with TCF's Quarterly Report on Form 10-Q for the quarter ending March 31, 2018. Management is currently evaluating the potential impact of this guidance on our consolidated financial statements. In evaluating this standard, management has determined that the majority of revenue earned by the Company is from revenue streams not included in the scope of this standard and therefore management does not expect the new revenue recognition guidance to have a material impact on our consolidated financial statements.

### **Legislative and Regulatory Developments**

Federal and state legislation impose numerous legal and regulatory requirements on financial institutions. Future legislative or regulatory change, or changes in enforcement practices or court rulings, may have a dramatic and potentially adverse impact on TCF.

### **Forward-looking Information**

Any statements contained in this Annual Report on Form 10-K regarding the outlook for the Company's businesses and their respective markets, such as projections of future performance, guidance, statements of the Company's plans and objectives, forecasts of market trends and other matters, are forward-looking statements based on the Company's assumptions and beliefs. Such statements may be identified by such words or phrases as "will likely result," "are expected to," "will continue," "outlook," "will benefit," "is anticipated," "estimate," "project," "management believes" or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those discussed in such statements and no assurance can be given that the results in any forward-looking statement will be achieved. For these statements, TCF claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Any forward-looking statement speaks only as of the date on which it is made, and we disclaim any obligation to subsequently revise any forward-looking statement to reflect events or circumstances after such date or to reflect the occurrence of anticipated or unanticipated events.

Certain factors could cause the Company's future results to differ materially from those expressed or implied in any forward-looking statements contained herein. These factors include the factors discussed in Part I, Item 1A of this Annual Report on Form 10-K under the heading "Risk Factors," the factors discussed below and any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statements. Since it is not possible to foresee all such factors, these factors should not be considered as complete or exhaustive.



**Adverse Economic or Business Conditions; Competitive Conditions; Credit and Other Risks.** Deterioration in general economic and banking industry conditions, including those arising from government shutdowns, defaults, anticipated defaults or rating agency downgrades of sovereign debt (including debt of the U.S.), or increases in unemployment; adverse economic, business and competitive developments such as shrinking interest margins, reduced demand for financial services and loan and lease products, deposit outflows, increased deposit costs due to competition for deposit growth and evolving payment system developments, deposit account attrition or an inability to increase the number of deposit accounts; customers completing financial transactions without using a bank; adverse changes in credit quality and other risks posed by TCF's loan, lease, investment, securities held to maturity and securities available for sale portfolios, including declines in commercial or residential real estate values, changes in the allowance for loan and lease losses dictated by new market conditions or regulatory requirements, or the inability of home equity line borrowers to make increased payments caused by increased interest rates or amortization of principal; deviations from estimates of prepayment rates and fluctuations in interest rates that result in decreases in the value of assets such as interest-only strips that arise in connection with TCF's loan sales activity; interest rate risks resulting from fluctuations in prevailing interest rates or other factors that result in a mismatch between yields earned on TCF's interest-earning assets and the rates paid on its deposits and borrowings; foreign currency exchange risks; counterparty risk, including the risk of defaults by our counterparties or diminished availability of counterparties who satisfy our credit quality requirements; decreases in demand for the types of equipment that TCF leases or finances; the effect of any negative publicity.

**Legislative and Regulatory Requirements.** New consumer protection and supervisory requirements and regulations, including those resulting from action by the Consumer Financial Protection Bureau and changes in the scope of Federal preemption of state laws that could be applied to national banks and their subsidiaries; the imposition of requirements that adversely impact TCF's deposit, lending, loan collection and other business activities such as mortgage foreclosure moratorium laws, further regulation of financial institution campus banking programs, use by municipalities of eminent domain on property securing troubled residential mortgage loans, or imposition of underwriting or other limitations that impact the ability to offer certain variable-rate products; changes affecting customer account charges and fee income, including changes to interchange rates; regulatory actions or changes in customer opt-in preferences with respect to overdrafts, which may have an adverse impact on TCF; changes to bankruptcy laws which would result in the loss of all or part of TCF's security interest due to collateral value declines; deficiencies in TCF's compliance programs, including under the Bank Secrecy Act in past or future periods, which may result in regulatory enforcement action including monetary penalties; increased health care costs resulting from Federal health care reform; regulatory criticism and resulting enforcement actions or other adverse consequences such as increased capital requirements, higher deposit insurance assessments or monetary damages or penalties; heightened regulatory practices, requirements or expectations, including, but not limited to, requirements related to enterprise risk management, the Bank Secrecy Act and anti-money laundering compliance activity.

**Earnings/Capital Risks and Constraints, Liquidity Risks.** Limitations on TCF's ability to pay dividends or to increase dividends because of financial performance deterioration, regulatory restrictions or limitations; increased deposit insurance premiums, special assessments or other costs related to adverse conditions in the banking industry; the impact on banks of regulatory reform, including additional capital, leverage, liquidity and risk management requirements or changes in the composition of qualifying regulatory capital; adverse changes in securities markets directly or indirectly affecting TCF's ability to sell assets or to fund its operations; diminished unsecured borrowing capacity resulting from TCF credit rating downgrades or unfavorable conditions in the credit markets that restrict or limit various funding sources; costs associated with new regulatory requirements or interpretive guidance relating to liquidity; uncertainties relating to future retail deposit account changes, including limitations on TCF's ability to predict customer behavior and the impact on TCF's fee revenues.

**Branching Risk; Growth Risks.** Adverse developments affecting TCF's supermarket banking relationships or either of the primary supermarket chains in which TCF maintains supermarket branches; costs related to closing underperforming branches; inability to timely close underperforming branches due to long-term lease obligations; slower than anticipated growth in existing or acquired businesses; inability to successfully execute on TCF's growth strategy through acquisitions or expanding existing business relationships; failure to expand or diversify TCF's balance sheet through new or expanded programs or opportunities; failure to successfully attract and retain new customers, including the failure to attract and retain manufacturers and dealers to expand the inventory finance business; failure to effectuate, and risks of claims related to, sales and securitizations of loans; risks related to new product additions and addition of distribution channels (or entry into new markets) for existing products.



**Technological and Operational Matters.** Technological or operational difficulties, loss or theft of information, cyber-attacks and other security breaches, counterparty failures and the possibility that deposit account losses (fraudulent checks, etc.) may increase; failure to keep pace with technological change, including the failure to develop and maintain technology necessary to satisfy customer demands; ability to attract and retain employees given competitive conditions.

**Litigation Risks.** Results of litigation or government enforcement actions, including class action litigation or enforcement actions concerning TCF's lending or deposit activities, including account opening/origination, servicing practices, fees or charges, employment practices, or checking account overdraft program "opt in" requirements; and possible increases in indemnification obligations for certain litigation against Visa U.S.A.

**Accounting, Audit, Tax and Insurance Matters.** Changes in accounting standards or interpretations of existing standards; federal or state monetary, fiscal or tax policies, including adoption of state legislation that would increase state taxes; ineffective internal controls; adverse federal, state or foreign tax assessments or findings in tax audits; lack of or inadequate insurance coverage for claims against TCF; potential for claims and legal action related to TCF's fiduciary responsibilities.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

TCF's results of operations depend, to a large degree, on its net interest income and its ability to manage interest rate risk. Although TCF manages other risks in the normal course of business, such as credit risk, liquidity risk, foreign currency risk and operational risk, the Company considers interest rate risk to be one of its more significant market risks.

### *Interest Rate Risk*

TCF's ALCO and the Finance Committee of TCF Financial's Board of Directors have adopted interest rate risk policy limits which are incorporated into the Company's investment policy. Interest rate risk is defined as the exposure of net interest income and fair value of financial instruments (interest-earning assets, deposits and borrowings) to movements in interest rates. Since TCF does not hold a trading portfolio, the Company is not exposed to market risk from trading activities. As such, the major sources of the Company's interest rate risk are timing differences in the maturity and repricing characteristics of assets and liabilities, changes in the shape of the yield curve, changes in consumer behavior and changes in relationships between rate indices (basis risk). Management measures these risks and their impact in various ways, including through the use of simulation and valuation analyses. The interest rate scenarios may include gradual or rapid changes in interest rates, spread narrowing and widening, yield curve twists and changes in assumptions about consumer behavior in various interest rate scenarios. A mismatch between maturities, interest rate sensitivities and prepayment characteristics of assets and liabilities results in interest rate risk. TCF, like most financial institutions, has material interest rate risk exposure to changes in both short- and long-term interest rates, as well as variable interest rate indices (e.g., the prime rate or the London InterBank Offered Rate).

TCF's ALCO is responsible for reviewing the Company's interest rate sensitivity position and establishing policies to monitor and limit exposure to interest rate risk. ALCO manages TCF's interest rate risk based on interest rate expectations and other factors. The principal objective of TCF in managing its assets and liabilities is to provide maximum levels of net interest income and facilitate the funding needs of the Company, while maintaining acceptable levels of interest rate risk and liquidity risk.

ALCO primarily uses two interest rate risk tools with policy limits to evaluate TCF's interest rate risk: net interest income simulation and economic value of equity ("EVE") analysis. In addition, the interest rate gap is reviewed periodically to monitor asset and liability repricing over various time periods.

Management utilizes net interest income simulation models to estimate the near-term effects of changing interest rates on its net interest income. Net interest income simulation involves forecasting net interest income under a variety of scenarios, including the level of interest rates, the shape of the yield curve and the spreads between market interest rates. Management exercises its best judgment in making assumptions regarding events that management can influence, such as non-contractual deposit repricings and events outside management's control, such as consumer behavior on loan and deposit activity and the effect that competition has on both loan and deposit pricing. These assumptions are subjective and, as a result, net interest income simulation results will differ from actual results due to the timing, magnitude and frequency of interest rate changes and changes in market conditions, consumer behavior and management strategies, among other factors. TCF performs various sensitivity analyses on assumptions of new loan spreads, prepayment rates, basis risk, deposit attrition and deposit repricing.

The following table presents changes in TCF's net interest income over a twelve month period if short- and long-term interest rates were to sustain an immediate increase of 100 basis points and 200 basis points. The impact of planned growth and new business activities is factored into the simulation model.

(Dollars in millions)	December 31,					
	2016		2015			
Immediate Change in Interest Rates:						
+200 basis points	\$	97.2	10.9%	\$	93.9	11.1%
+100 basis points		52.1	5.9		50.4	5.9

As of December 31, 2016, 59.0% of TCF's loan and lease balances are expected to reprice, amortize or prepay in the next 12 months and 62.1% of TCF's deposit balances are low cost or no cost deposits. TCF believes that the mix of assets repricing compared with low cost or no cost deposits positions TCF well for rising interest rates.

Management also uses EVE and interest rate gap analyses to measure risk in the balance sheet that might not be taken into account in the net interest income simulation analysis. Net interest income simulation highlights exposure over a relatively short time period, while EVE analysis incorporates all cash flows over the estimated remaining life of all balance sheet positions. The valuation of the balance sheet, at a point in time, is defined as the discounted present value of asset cash flows minus the discounted present value of liability cash flows. EVE analysis addresses only the current balance sheet and does not incorporate the growth assumptions that are used in the net interest income simulation model. As with the net interest income simulation model, EVE analysis is based on key assumptions about the timing and variability of balance sheet cash flows and does not take into account any potential responses by management to anticipated changes in interest rates.

Interest rate gap is primarily the difference between interest-earning assets and interest-bearing liabilities repricing within a given period and represents the net asset or liability sensitivity at a point in time. An interest rate gap measure could be significantly affected by external factors such as loan prepayments, early withdrawals of deposits, changes in the correlation of various interest-bearing instruments, competition, or a rise or decline in interest rates.

#### *Credit Risk*

Credit risk is defined as the risk to earnings or capital if an obligor fails to meet the terms of any contract with the Company or otherwise fails to perform as agreed, such as the failure of customers and counterparties to meet their contractual obligations, as well as contingent exposures from unfunded loan commitments and letters of credit.

TCF's Enterprise Risk Management Committee meets at least quarterly and is responsible for monitoring the loan and lease portfolio composition and risk tolerance within the various segments of the portfolio. The Enterprise Risk Management Committee and the Board of Directors have adopted a Risk Appetite Statement to manage the Company's credit risk by setting (i) a desired balance between asset classes, (ii) concentration limits based on loan type, business line and geographic region and (iii) maximum tolerances for credit performance. To manage credit risk arising from lending and leasing activities, management has adopted and maintains underwriting policies and procedures and periodically reviews the appropriateness of these policies and procedures. Customers and guarantors or recourse providers are evaluated as part of initial underwriting processes and through periodic reviews. For consumer loans, credit scoring models are used to help determine eligibility for credit and terms of credit. These models are periodically reviewed to verify that they are predictive of borrower performance. Limits are established on the exposure to a single customer (including affiliates) and on concentrations for certain categories of customers. Loan and lease credit approval levels are established so that larger credit exposures receive managerial review at the appropriate level through the credit committees.

Management continuously monitors asset quality in order to manage the Company's credit risk and to determine the appropriateness of valuation allowances, including, in the case of commercial loans, inventory finance loans and equipment finance loans and leases, a risk rating methodology under which a rating of one through nine is assigned to each loan or lease. The rating reflects management's assessment of the potential impact on repayment of the customer's financial and operational condition. Asset quality is monitored separately based on the type or category of loan or lease. The rating process allows management to better define the Company's loan and lease portfolio risk profile. Management also uses various risk models to estimate probable impact on payment performance under various scenarios, both expected and unexpected.

The Company also has credit risk in its securities portfolio related to obligations of states and political subdivisions. The Company maintains a restrictive set of underwriting criteria and regularly monitors credit performance under the direction and supervision of the TCF Bank Credit Committee to manage this risk. Credit risk in the remainder of the securities portfolio is minimal. The remainder of the securities available for sale and securities held to maturity portfolios as of December 31, 2016 consist primarily of fixed-rate mortgage-backed securities issued and guaranteed by Fannie Mae. All investment related counterparties and transaction limits are reviewed and approved annually by both ALCO and the TCF Bank Credit Committee.

#### *Liquidity Risk*

Liquidity risk is defined as the risk to earnings or capital arising from the Company's inability to meet its obligations when they come due without incurring unacceptable losses.

ALCO and the Finance Committee of TCF Financial's Board of Directors have adopted a Holding Company Investment and Liquidity Management Policy, which establishes a minimum target amount of cash or liquid investments TCF Financial will hold. TCF Financial's primary source of cash flow is capital distributions from TCF Bank. TCF Bank may be required to receive regulatory approval prior to

making any such distributions in the future and such distributions 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. See "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 for further information.

ALCO and the Finance Committee of TCF Financial's Board of Directors have adopted a Liquidity Management Policy for TCF Bank to direct management of the Company's liquidity risk. The objective of the Liquidity Management Policy is to ensure that TCF meets its cash and collateral obligations promptly, in a cost-effective manner and with the highest degree of reliability. The maintenance of adequate levels of asset and liability liquidity will provide TCF with the ability to meet both expected and unexpected cash flows and collateral needs. Key liquidity ratios, asset liquidity levels and the amount available from funding sources are reported to ALCO on a monthly basis. TCF's Liquidity Management Policy defines liquidity stress scenarios and establishes asset liquidity target ranges based upon those stress scenarios that are deemed appropriate for its risk profile.

TCF's asset liquidity may be held in the form of on-balance sheet cash invested with the Federal Reserve Bank or other highly liquid marketable securities that are not pledged and can be sold or pledged to various counterparties under established agreements. Interest-bearing deposits held at the Federal Reserve Bank and unencumbered U.S. Government sponsored enterprises and federal agencies mortgage-backed securities were \$1.2 billion at December 31, 2016. In addition, TCF held unencumbered obligations of states and political subdivisions totaling \$612.5 million at December 31, 2016.

Deposits are TCF's primary source of funding. TCF also maintains secured sources of funding, which primarily include \$1.9 billion of additional borrowing capacity at the FHLB of Des Moines, as well as access to the Federal Reserve Discount Window. Collateral pledged by TCF to the FHLB and the Federal Reserve Bank may consist of consumer and commercial real estate loans and mortgage-backed securities. The FHLB relies upon its own internal credit analysis of TCF when determining TCF's secured borrowing capacity. In addition to the above, TCF maintains a diversified set of unsecured and uncommitted funding sources, including access to overnight federal funds purchased lines, brokered deposits and capital markets. TCF has developed and maintains a contingency funding plan should certain liquidity needs arise.

#### *Foreign Currency Risk*

The Company is also exposed to foreign currency risk as changes in the exchange rate of the Canadian dollar may impact the Company's investment in TCFCFC. TCF enters into forward foreign exchange contracts in order to minimize the risk of changes in foreign exchange rates on its investment in and loans to TCFCFC. The values of forward foreign exchange contracts vary over their contractual lives as the related currency exchange rates fluctuate. TCF may also experience realized and unrealized gains or losses on forward foreign exchange contracts as a result of changes in foreign exchange rates. See Note 1, Basis of Presentation and Note 18, Derivative Instruments of Notes to Consolidated Financial Statements for further information.

## Item 8. Financial Statements and Supplementary Data

### Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
TCF Financial Corporation:

We have audited the accompanying consolidated statements of financial condition of TCF Financial Corporation and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TCF Financial Corporation and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TCF Financial Corporation's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 21, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Minneapolis, Minnesota  
February 21, 2017

**Consolidated Statements of Financial Condition**

	At December 31,	
	2016	2015
(Dollars in thousands, except per-share data)		
<b>Assets:</b>		
Cash and due from banks	\$ 609,603	\$ 889,337
Investments	74,714	70,537
Securities held to maturity	181,314	201,920
Securities available for sale	1,423,435	888,885
Loans and leases held for sale	268,832	157,625
Loans and leases:		
Consumer real estate:		
First mortgage lien	2,292,596	2,624,956
Junior lien	2,791,756	2,839,316
Total consumer real estate	5,084,352	5,464,272
Commercial	3,286,478	3,145,832
Leasing and equipment finance	4,336,310	4,012,248
Inventory finance	2,470,175	2,146,754
Auto finance	2,647,741	2,647,596
Other	18,771	19,297
Total loans and leases	17,843,827	17,435,999
Allowance for loan and lease losses	(160,269)	(156,054)
Net loans and leases	17,683,558	17,279,945
Premises and equipment, net	418,372	445,934
Goodwill	225,640	225,640
Other assets	555,858	529,786
Total assets	\$ 21,441,326	\$ 20,689,609
<b>Liabilities and Equity:</b>		
Deposits:		
Checking	\$ 6,009,151	\$ 5,690,559
Savings	4,719,481	4,717,457
Money market	2,421,467	2,408,180
Certificates of deposit	4,092,423	3,903,793
Total deposits	17,242,522	16,719,989
Short-term borrowings	4,391	5,381
Long-term borrowings	1,073,181	1,034,557
Total borrowings	1,077,572	1,039,938
Accrued expenses and other liabilities	676,587	622,765
Total liabilities	18,996,681	18,382,692
Equity:		
Preferred stock, par value \$0.01 per share, 30,000,000 shares authorized; 4,006,900 shares issued	263,240	263,240
Common stock, par value \$0.01 per share, 280,000,000 shares authorized; 171,034,506 and 169,887,030 shares issued, respectively	1,710	1,699
Additional paid-in capital	862,776	851,836
Retained earnings, subject to certain restrictions	1,382,901	1,240,347
Accumulated other comprehensive income (loss)	(33,725)	(15,346)
Treasury stock at cost, 42,566 shares, and other	(49,419)	(50,860)
Total TCF Financial Corporation stockholders' equity	2,427,483	2,290,916
Non-controlling interest in subsidiaries	17,162	16,001
Total equity	2,444,645	2,306,917

Total liabilities and equity

\$

21,441,326

\$

20,689,609

---

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Income

(In thousands, except per-share data)	Year Ended December 31,		
	2016	2015	2014
<b>Interest income:</b>			
Loans and leases	\$ 850,546	\$ 832,736	\$ 820,436
Securities available for sale	26,573	15,648	11,994
Securities held to maturity	4,649	5,486	5,281
Loans held for sale and other	48,962	38,060	36,518
Total interest income	930,730	891,930	874,229
<b>Interest expense:</b>			
Deposits	61,788	48,226	38,385
Borrowings	20,836	23,316	20,215
Total interest expense	82,624	71,542	58,600
Net interest income	848,106	820,388	815,629
Provision for credit losses	65,874	52,944	95,737
Net interest income after provision for credit losses	782,232	767,444	719,892
<b>Non-interest income:</b>			
Fees and service charges	137,664	144,999	154,386
Card revenue	54,882	54,387	51,323
ATM revenue	20,445	21,544	22,225
Subtotal	212,991	220,930	227,934
Gains on sales of auto loans, net	34,832	30,580	43,565
Gains on sales of consumer real estate loans, net	50,427	40,964	34,794
Servicing fee income	40,182	31,229	21,444
Subtotal	125,441	102,773	99,803
Leasing and equipment finance	119,166	108,129	93,799
Other	8,883	10,463	10,704
Fees and other revenue	466,481	442,295	432,240
Gains (losses) on securities, net	(581)	(297)	1,027
Total non-interest income	465,900	441,998	433,267
<b>Non-interest expense:</b>			
Compensation and employee benefits	474,722	457,743	452,942
Occupancy and equipment	149,980	144,962	139,023
Other	231,420	229,255	227,970
Subtotal	856,122	831,960	819,935
Operating lease depreciation	40,359	39,409	27,152
Foreclosed real estate and repossessed assets, net	13,187	23,193	24,567
Other credit costs, net	219	185	123
Total non-interest expense	909,887	894,747	871,777
Income before income tax expense	338,245	314,695	281,382
Income tax expense	116,528	108,872	99,766
Income after income tax expense	221,717	205,823	181,616
Income attributable to non-controlling interest	9,593	8,700	7,429
Net income attributable to TCF Financial Corporation	212,124	197,123	174,187
Preferred stock dividends	19,388	19,388	19,388
Net income available to common stockholders	\$ 192,736	\$ 177,735	\$ 154,799
<b>Earnings per common share:</b>			
Basic	\$ 1.15	\$ 1.07	\$ 0.95
Diluted	\$ 1.15	\$ 1.07	\$ 0.94

See accompanying notes to consolidated financial statements.





**Consolidated Statements of Comprehensive Income**

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Net income attributable to TCF Financial Corporation	\$ 212,124	\$ 197,123	\$ 174,187
Other comprehensive income (loss), net of tax:			
Net unrealized gains (losses) on securities available for sale and interest-only strips	(18,894)	(816)	18,092
Net unrealized gains (losses) on net investment hedges	(756)	4,713	1,945
Foreign currency translation adjustment	1,300	(8,304)	(3,704)
Recognized postretirement prior service cost	(29)	(29)	(30)
Total other comprehensive income (loss), net of tax	(18,379)	(4,436)	16,303
Comprehensive income	\$ 193,745	\$ 192,687	\$ 190,490

See accompanying notes to consolidated financial statements.



compensation plans, at cost	—	—	—	—	(1,441)	—	—	1,441	—	—	—
-----------------------------	---	---	---	---	---------	---	---	-------	---	---	---

<b>Balance, December 31, 2016</b>	4,006,900	171,034,506	\$263,240	\$ 1,710	\$862,776	\$1,382,901	\$ (33,725)	\$(49,419)	\$2,427,483	\$ 17,162	\$2,444,645
-----------------------------------	-----------	-------------	-----------	----------	-----------	-------------	-------------	------------	-------------	-----------	-------------

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

(In thousands)	Year Ended December 31,		
	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Net income	\$ 221,717	\$ 205,823	\$ 181,616
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for credit losses	65,874	52,944	95,737
Depreciation and amortization	182,226	157,287	128,701
Provision for deferred income taxes	32,966	20,786	37,432
Proceeds from sales of loans and leases held for sale	1,044,282	970,467	571,551
Originations of loans and leases held for sale, net of repayments	(1,207,227)	(965,712)	(626,172)
Gains on sales of assets, net	(97,383)	(80,471)	(90,736)
Net change in other assets and accrued expenses and other liabilities	71,495	31,975	46,192
Other, net	(24,667)	(29,439)	(32,571)
Net cash provided by (used in) operating activities	289,283	363,660	311,750
<b>Cash flows from investing activities:</b>			
Proceeds from sales of securities	—	177	2,813
Proceeds from maturities of and principal collected on securities	145,782	94,250	58,151
Purchases of securities	(692,996)	(510,675)	(139,080)
Redemption of Federal Home Loan Bank stock	156,967	153,005	105,931
Purchases of Federal Home Loan Bank stock	(161,080)	(138,000)	(97,000)
Proceeds from sales of loans and leases	2,830,807	1,795,602	2,304,280
Loan and lease originations and purchases, net of principal collected on loans and leases	(2,200,776)	(1,968,134)	(2,190,753)
Proceeds from sales of lease equipment	11,650	10,041	7,737
Purchases of lease equipment	(1,197,281)	(1,087,438)	(920,985)
Proceeds from sales of real estate owned	65,235	71,709	67,049
Purchases of premises and equipment	(34,513)	(53,594)	(45,469)
Other, net	23,002	16,416	22,403
Net cash provided by (used in) investing activities	(1,053,203)	(1,616,641)	(824,923)
<b>Cash flows from financing activities:</b>			
Net change in deposits	518,468	1,256,646	997,661
Net change in short-term borrowings	(1,192)	1,072	(493)
Proceeds from long-term borrowings	5,582,983	4,471,086	2,808,612
Payments on long-term borrowings	(5,542,831)	(4,666,595)	(3,059,948)
Net investment by (distribution to) non-controlling interest	(8,432)	(6,414)	(5,505)
Dividends paid on preferred stock	(19,388)	(19,388)	(19,388)
Dividends paid on common stock	(50,182)	(37,302)	(32,731)
Stock compensation tax (expense) benefit	(377)	558	1,316
Common shares sold to TCF employee benefit plans	5,838	24,835	23,083
Exercise of stock options	(701)	2,570	740
Net cash provided by (used in) financing activities	484,186	1,027,068	713,347
Net change in cash and due from banks	(279,734)	(225,913)	200,174
Cash and due from banks at beginning of period	889,337	1,115,250	915,076
Cash and due from banks at end of period	\$ 609,603	\$ 889,337	\$ 1,115,250
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid (received) for:			
Interest on deposits and borrowings	\$ 78,930	\$ 64,855	\$ 55,954
Income taxes, net	23,064	79,687	113,562
Transfer of loans to other assets	107,768	107,403	91,180
Transfer of securities available for sale to securities held to maturity	—	—	191,665

See accompanying notes to consolidated financial statements.



## Notes to Consolidated Financial Statements

### Note 1. Basis of Presentation

**Basis of Presentation** 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. TCF's principal subsidiary, TCF National Bank ("TCF Bank"), is headquartered in Sioux Falls, South Dakota. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are based on information available to management at the time the estimates are made. Actual results could differ from those estimates.

Effective January 1, 2016, the Company retrospectively adopted Accounting Standards Update ("ASU") No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which required that debt issuance costs be presented as a direct deduction from debt. Accordingly, the Company reclassified unamortized debt issuance costs of \$2.1 million from Other assets to a reduction in Long-term borrowings on the Consolidated Statement of Financial Condition as of December 31, 2015. The adoption of this ASU did not impact results of operations, retained earnings or cash flows.

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. The reportable segments follow GAAP as described below, except for the accounting for intercompany interest income and interest expense, which are eliminated in consolidation, and presenting net interest income on a fully tax-equivalent basis. See Note 22, Business Segments for a description of the new segments.

**Critical Accounting Estimates** Critical accounting estimates occur in certain accounting policies and procedures and are particularly susceptible to significant change. Policies that contain critical accounting estimates include the determination of the allowance for loan and lease losses, the determination of lease classification and the determination of current and deferred income taxes.

**Allowance for Loan and Lease Losses** The allowance for loan and lease losses is maintained at a level appropriate to provide for probable loan and lease losses incurred in the portfolio as of the balance sheet date, including known or anticipated problem loans and leases, as well as for loans and leases which are not currently known to require specific allowances. Loans classified as troubled debt restructuring ("TDR") loans are considered impaired loans, along with non-accrual commercial loans, non-accrual equipment finance loans and non-accrual inventory finance loans. TCF individually evaluates impairment on all impaired loans and all non-accrual leases and other consumer real estate, commercial and auto finance loans specifically identified for evaluation. All other loans and leases are evaluated collectively for impairment.

Loan impairment on consumer real estate TDR loans is a key component of the allowance for loan and lease losses. Impairment is generally based upon the present value of the expected future cash flows discounted at the loan's initial effective interest rate, unless the loans are collateral dependent, in which case loan impairment is based upon the fair value of the collateral less selling expenses. See Note 6, Allowance for Loan and Lease Losses and Credit Quality Information for further information on the determination of the allowance for losses on accruing consumer real estate TDR loans.



Impairment on commercial and inventory finance loans and on leasing and equipment finance loans and leases is generally based upon the present value of the expected future cash flows discounted at the initial effective interest rate of the loan or lease, unless the loan or lease is collateral dependent, in which case impairment is based upon the fair value of collateral less estimated selling costs; however, if payment or satisfaction of the loan or lease is dependent on the operation, rather than the sale of the collateral, the impairment does not include selling costs.

Impairment on auto finance loans is generally based upon the fair value of collateral less estimated selling costs. The impairment for all other loans and leases is evaluated collectively by various characteristics. The collective evaluation of incurred losses in these portfolios is based upon their historical loss rates multiplied by the respective loss emergence period. Factors utilized in the determination of the amount of the allowance 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 various factors used in the methodologies are reviewed on a periodic basis.

Loans and leases are charged off to the extent they are deemed to be uncollectible. Charge-offs related to losses are utilized in the historical data in calculating the allowance for loan and lease losses. Consumer real estate loans are charged off to the estimated fair value of the underlying collateral, less estimated selling costs, no later than 150 days past due. Additional review of the fair value, less estimated costs to sell, compared with the recorded value occurs upon foreclosure and additional charge-offs are recorded if necessary. Commercial loans, leasing and equipment finance loans and leases and inventory finance loans which are considered collateral dependent are charged off to estimated fair value, less estimated selling costs when it becomes probable, based on current information and events, that all principal and interest amounts will not be collectible in accordance with their contractual terms. Auto finance loans will be charged off in full no later than 120 days past due, unless repossession is reasonably assured and in process, in which case the loan would be charged off to the fair value of the collateral, less estimated selling costs. Consumer real estate and auto finance loans in bankruptcy status may be charged down to the fair value of the collateral, less estimated selling costs, within 60 days past due based on specific criteria. Deposit account overdrafts are reported in other loans. Net losses on uncollectible overdrafts are reported as net charge-offs in the allowance for loan and lease losses within 60 days from the date of overdraft. Loans which are not collateral dependent are charged off when deemed uncollectible based on specific facts and circumstances.

The amount of the allowance for loan and lease losses significantly depends upon management's estimates of variables affecting valuation, appraisals of collateral, evaluations of performance and status and the amounts and timing of future cash flows expected to be received. Such estimates, appraisals, evaluations and cash flows may be subject to frequent adjustments due to changing economic prospects of borrowers, lessees or properties. These estimates are reviewed periodically and adjustments, if necessary, are recorded in the provision for credit losses in the periods in which they become known.

**Lease Financing** TCF provides various types of commercial lease financing that are classified for accounting purposes as direct financing, sales-type or operating leases. Leases that transfer substantially all of the benefits and risks of ownership to the lessee are classified as direct financing or sales-type leases and are included in loans and leases. Direct financing and sales-type leases are carried at the combined present value of future minimum lease payments and lease residual values. The determination of lease classification requires various judgments and estimates by management including the fair value of the equipment at lease inception, useful life of the equipment under lease, estimate of the lease residual value and collectability of minimum lease payments.

Sales-type leases generate dealer profit which is recognized at lease inception by recording lease revenue net of lease cost. Lease revenue consists of the present value of the future minimum lease payments. Lease cost consists of the leased equipment's book value, less the present value of its residual. Interest income on direct financing and sales-type leases is recognized using methods which approximate a level yield over the fixed, non-cancelable term of the lease. TCF receives pro rata rent payments for the interim period until the lease contract commences and the fixed, non-cancelable lease term begins. TCF recognizes these interim payments in the month they are earned and records the income in interest income on direct finance leases. Management has policies and procedures in place for the determination of lease classification and review of the related judgments and estimates for all lease financings.

Some lease financings include a residual value component, which represents the estimated fair value of the leased equipment at the expiration of the initial term of the transaction. The estimation of residual values involves judgment regarding product and technology changes, customer behavior, shifts in supply and demand and other economic assumptions. TCF reviews residual assumptions in the portfolio at least annually and downward adjustments, if necessary, are charged to non-interest expense in the periods in which they become known. TCF may sell minimum lease payments primarily as a credit risk reduction tool to third-party financial institutions at fixed rates on a non-recourse basis with its underlying equipment as collateral. For those transactions which achieve sale treatment, the related lease cash flow stream and the non-recourse financing are derecognized. For those transactions which do not achieve sale treatment, the underlying lease remains on TCF's Consolidated Statements of Financial Condition and non-recourse debt is recorded in the amount of the proceeds received. TCF retains servicing of these leases and bills, collects and remits funds to the third-party financial institution. Upon default by the lessee, the third-party financial institutions may take control of the underlying collateral which TCF would otherwise retain as residual value.

Leases that do not transfer substantially all benefits and risks of ownership to the lessee are classified as operating leases. Such leased equipment and related initial direct costs are included in other assets on the Consolidated Statements of Financial Condition and depreciated on a straight-line basis over the term of the lease to its estimated salvage value. Depreciation expense is recorded as operating lease expense and included in non-interest expense. Operating lease rental income is recognized when it is due and is reflected as a component of non-interest income. An allowance for lease losses is not provided on operating leases.

**Income Taxes** Income taxes are accounted for using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis carrying amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in income tax expense in the Consolidated Statements of Income in the period in which the enactment date occurs. Also, if current period income tax rates change, the impact on the annual effective income tax rate is applied year to date in the period of enactment.

The determination of current and deferred income taxes is a critical accounting estimate which is based on complex analyses of many factors, including interpretation of income tax laws, the evaluation of uncertain tax positions, differences between the tax and financial reporting bases of assets and liabilities (temporary differences), estimates of amounts due or owed, the timing of reversals of temporary differences and current financial accounting standards. Additionally, there can be no assurance that estimates and interpretations used in determining income tax assets or liabilities will not be challenged by taxing authorities. Actual results could differ significantly from the estimates and tax law interpretations used in determining the current and deferred income tax assets and liabilities.

In the preparation of income tax returns, tax positions are taken based on interpretation of income tax laws for which the outcome is uncertain. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts ultimately due or owed. The benefits of tax positions are recorded in income tax expense in the Consolidated Statements of Income, net of the estimates of ultimate amounts due or owed, including any applicable interest and penalties. Changes in the estimated amounts due or owed may result from closing of the statute of limitations on tax returns, new legislation, clarification of existing legislation through government pronouncements, judicial action and through the examination process. TCF's policy is to report interest and penalties, if any, related to unrecognized tax benefits in income tax expense in the Consolidated Statements of Income.

#### **Other Significant Accounting Policies**

**Securities Held to Maturity** Securities held to maturity are carried at cost and adjusted for amortization of premiums or accretion of discounts using a level yield method; however, transfers of securities available for sale to securities held to maturity are made at fair value at the date of transfer. The unrealized holding gain or loss at the date of each transfer is retained in accumulated other comprehensive income (loss) and in the carrying value of the held to maturity investment security. Such amounts are then amortized over the remaining life of the transferred security as an adjustment of the yield on those securities. TCF periodically evaluates securities held to maturity for other than temporary impairment. Declines in value considered other than temporary, if any, would be recorded in non-interest income within gains (losses) on securities, net.

**Securities Available for Sale** Securities available for sale are carried at fair value with the unrealized gains or losses, net of related deferred income taxes, reported within accumulated other comprehensive income (loss), a separate component of equity. The cost of securities sold is determined on a specific identification basis and gains or losses on sales of securities available for sale are recognized on trade dates. TCF evaluates securities available for sale for other than temporary impairment on a quarterly basis. Declines in the value of securities available for sale that are considered other than temporary are recorded in non-interest income within gains (losses) on securities, net. Discounts and premiums on securities available for sale are amortized using a level yield method over the expected life of the security, or to the call date for securities with call features.

**Loans and Leases Held for Sale** Loans and leases designated as held for sale are generally carried at the lower of cost or fair value. Any amount by which cost exceeds fair value is initially recorded as a valuation allowance and subsequently reflected in the gain or loss on sale when sold. Certain other loans and leases held for sale are recorded at fair value under the elected fair value option. From time to time, management identifies and designates primarily consumer real estate and auto finance loans held in the loan portfolios for sale. These loans are transferred to loans and leases held for sale at the lower of cost or fair value at the time of transfer net of any associated allowance for loan and lease losses.

**Loans and Leases** Loans and leases are reported at historical cost including net direct fees and costs associated with originating and acquiring loans and leases. The net direct fees and costs for sales-type leases are offset against revenues recorded at the commencement of sales-type leases. Discounts and premiums on acquired loans, net direct fees and costs, unearned discounts and finance charges and unearned lease income are amortized to interest income using methods that approximate a level yield over the estimated remaining lives of the loans and leases. Net direct fees and costs on all lines of credit are amortized on a straight line basis over the contractual life of the line of credit and adjusted for payoffs. Net deferred fees and costs on consumer real estate lines of credit are amortized to fees and service charges.

**Non-accrual Loans and Leases** Loans and leases are generally placed on non-accrual status when the collection of interest or principal is 90 days or more past due unless, in the case of commercial loans, they are well secured and in the process of collection. Delinquent consumer real estate junior lien loans are placed on non-accrual status when there is evidence that the related third-party first lien mortgage may be 90 days or more past due, or foreclosure, charge-off or collection action has been initiated. TDR loans are placed on non-accrual status prior to the past due thresholds outlined above if repayment under the modified terms is not likely after performing a well-documented credit analysis.

Loans on non-accrual status are generally reported as non-accrual loans until there is sustained repayment performance for six consecutive months, with the exception of loans not reaffirmed upon discharge under Chapter 7 bankruptcy, which remain on non-accrual status until a well-documented credit analysis indicates full repayment of the remaining pre-discharged contractual principal and interest is likely. Income on these loans is recognized on a cash basis when there is sustained repayment performance for six or 12 consecutive months based on the credit evaluation and the loan is not more than 60 days delinquent.

Generally, when a loan or lease is placed on non-accrual status, uncollected interest accrued in prior years is charged-off against the allowance for loan and lease losses and interest accrued in the current year is reversed against interest income. For non-accrual leases that have been discounted with third-party financial institutions on a non-recourse basis, the related liability is also placed on non-accrual status. Interest payments received on loans and leases in non-accrual status are generally applied to principal unless the remaining principal balance has been determined to be fully collectible, in which case interest income is recognized on a cash basis.

**Premises and Equipment** Premises and equipment, including leasehold improvements, are carried at cost and are depreciated or amortized on a straight-line basis over estimated useful lives of owned assets and for leasehold improvements over the estimated useful life of the related asset or the lease term, whichever is shorter. Maintenance and repairs are charged to expense as incurred. Rent expense for leased land with facilities is recognized in occupancy and equipment expense. Rent expense for leases with free rent periods or scheduled rent increases is recognized on a straight-line basis over the lease term.

**Other Real Estate Owned and Repossessed and Returned Assets** Assets acquired through foreclosure, repossession or returned to TCF are initially recorded at the lower of the loan or lease carrying amount or fair value of the collateral less estimated selling costs at the time of transfer to real estate owned or repossessed and returned assets. The fair value of other real estate owned is based on independent appraisals, real estate brokers' price opinions or automated valuation methods, less estimated selling costs. The fair value of repossessed and returned assets is based on available pricing guides, auction results or price opinions, less estimated selling costs. Any carrying amount in excess of the fair value less estimated selling costs is charged off to the allowance for loan and lease losses upon transfer. Subsequently, if the fair value of an asset, less the estimated costs to sell, declines to less than the carrying amount of the asset, the shortfall is recognized in the period in which it becomes known and is included in foreclosed real estate and repossessed assets, net expense. Operating expenses of properties and recoveries on sales of other real estate owned are also recorded in non-interest expense within foreclosed real estate and repossessed assets, net expense. Operating revenue from foreclosed property is included in other non-interest income. Other real estate owned at December 31, 2016 and 2015, was \$46.8 million and \$50.0 million, respectively. Repossessed and returned assets at December 31, 2016 and 2015, were \$10.0 million and \$8.0 million, respectively. Other real estate owned and repossessed and returned assets were written down \$8.3 million and \$12.8 million, which was included in foreclosed real estate and repossessed assets, net expense for the years ended December 31, 2016 and 2015, respectively.

**Investments in Affordable Housing Limited Liability Entities** TCF has investments in affordable housing limited liability entities that operate qualified affordable housing projects or that invest in other limited liability entities formed to operate affordable housing projects, which TCF generally accounts for under the proportional amortization method. However, depending on circumstances, the effective yield, equity or cost methods may be utilized. The amount of the investments, along with any unfunded equity contributions that are unconditional and legally binding, are recorded in other assets. A liability for the unfunded equity contributions is recorded in other liabilities. The tax credits and amortization of the investments are reflected in the Consolidated Statements of Income as a reduction of income tax expense. TCF's investments in affordable housing limited liability entities at December 31, 2016 and 2015 were \$30.3 million and \$35.2 million, respectively.

At December 31, 2016 and 2015, four and six, respectively, of these investments in affordable housing limited liability entities were considered variable interest entities ("VIE"). These limited liability entities are not consolidated with TCF. At December 31, 2016 and 2015, the carrying amount of the VIE investments was \$29.8 million and \$34.7 million, respectively. The maximum exposure to loss on the VIE investments was \$29.8 million and \$34.7 million at December 31, 2016 and 2015, respectively, however the limited liability entity provides various guarantees to TCF including guaranteed minimum returns. These guarantees are backed by an investment grade credit-rated company, which further reduces the risk of loss. In addition to the guarantees, the investments are supported by the performance of the underlying real estate properties which also mitigates the risk of loss. Tax credits and other tax benefits of \$7.1 million, \$3.9 million and \$3.5 million in 2016, 2015 and 2014, respectively, are recorded in income tax expense. At December 31, 2016, the expected payments for unfunded affordable housing commitments were \$12.6 million. The commitments are expected to be fully funded by December 31, 2018.

**Interest-only Strips** TCF sells fixed or variable-rate consumer real estate and auto finance loans with or without interest-only strips to third party financial institutions. For those transactions which achieve sale treatment, the underlying loans are removed from TCF's Consolidated Statements of Financial Condition. The Company may receive as part of the sale consideration an interest in the future cash flows of borrower loan payments, known as an interest-only strip. The interest-only strip is recorded at fair value in other assets with the unrealized gains or losses, net of deferred income taxes, reported within accumulated other comprehensive income (loss), a separate component of equity. The fair value of the interest-only strip represents the present value of future cash flows expected to be received by TCF. After initial recording of the interest-only strip, the accretable yield is measured as the difference between the initial investment, or fair value, and the cash flows expected to be collected. The accretable yield is amortized into interest income over the life of the interest-only strip using the effective yield method. The expected cash flows are evaluated quarterly to determine if they have changed from previous projections. Declines in the value of interest-only strips that are considered other than temporary are recorded in other non-interest expense.

**Intangible Assets** All assets and liabilities acquired in purchase acquisitions, including other intangibles, are initially recorded at fair value. Goodwill is recorded when the purchase price of an acquisition is greater than the fair value of net assets, including identifiable intangible assets. Goodwill is not amortized, but assessed for impairment on at least an annual basis at the reporting unit level. Interim impairment analysis may be required if events occur or circumstances change that would more likely than not reduce a reporting unit's fair value below its carrying amount. Other intangible assets are amortized on a straight-line or effective yield basis over their estimated useful lives and are subject to impairment if events or circumstances indicate a possible inability to realize their carrying amounts.

When testing for goodwill impairment, TCF initially performs a qualitative assessment. Based on the results of this qualitative assessment, if TCF concludes it is more likely than not that a reporting unit's fair value is less than its carrying amount, a quantitative analysis is performed. Quantitative valuation methodologies primarily include discounted cash flow analysis in determining fair value of reporting units. If the fair value is less than the carrying amount, additional analysis is required to measure the amount of impairment. Impairment losses, if any, are recorded as a charge to non-interest expense and an adjustment to the carrying value of goodwill.

Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. Impairment is indicated if the sum of the undiscounted estimated future net cash flows is less than the carrying value of the intangible asset. Impairment losses, if any, permanently reduce the carrying value of the other intangible assets.

**Derivatives** All derivative instruments are recognized within other assets or other liabilities at fair value within the Consolidated Statements of Financial Condition. The Company's derivative instruments may be subject to master netting arrangements and collateral arrangements and qualify for offset in the Consolidated Statements of Financial Condition. A master netting arrangement with a counterparty creates a right of offset for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. The Company's policy is to recognize amounts subject to master netting arrangements and collateral arrangements on a net basis in the Consolidated Statements of Financial Condition. The value of derivative instruments will vary over their contractual terms as the related underlying rates fluctuate. The accounting for changes in the fair value of a derivative instrument depends on whether or not the contract has been designated and qualifies as a hedge. To qualify as a hedge, a contract must be highly effective at reducing the risk associated with the exposure being hedged. In addition, for a contract to be designated as a hedge, the risk management objective and strategy must be documented at inception. Hedge documentation must also identify the hedging instrument, the asset or liability and type of risk to be hedged and how the effectiveness of the contract is assessed prospectively and retrospectively. To assess effectiveness, TCF uses statistical methods such as regression analysis. A contract that has been, and is expected to continue to be, effective at offsetting changes in fair values or the net investment must be assessed and documented at least quarterly. If it is determined that a contract is not highly effective at hedging the designated exposure, hedge accounting is discontinued.

Upon origination of a derivative instrument, the contract is designated either as a hedge of the exposure to changes in the fair value of an asset or liability due to changes in market risk ("fair value hedge"), a hedge of the volatility of an investment in foreign operations driven by changes in foreign currency exchange rates ("net investment hedge"), or is not designated as a hedge.

**Fair Value Hedges** During the first quarter of 2015, TCF Bank entered into an interest rate swap agreement related to its contemporaneously issued subordinated debt, which settles through a central clearing house. The swap was designated as a fair value hedge and effectively converts the fixed interest rate to a floating rate based on the three-month London InterBank Offered Rate plus a fixed number of basis points on the \$150.0 million notional amount through February 27, 2025, the maturity date of the subordinated debt. In exchange, TCF Bank will receive 4.60% fixed-rate interest on the \$150.0 million notional amount from the swap counterparty.

The interest rate swap substantially offsets the change in fair value of the hedged underlying debt that is attributable to the changes in market risk. The gains and losses related to changes in the fair value of the interest rate swap as well as the offsetting changes in fair value of the hedged debt are reflected in other non-interest income.



**Net Investment Hedges** Forward foreign exchange contracts, which generally settle within 34 days, are used to manage the foreign exchange risk associated with the Company's net investment in TCF Commercial Finance Canada, Inc., a wholly-owned indirect Canadian subsidiary of TCF Bank. Changes in net investment hedges recorded within other comprehensive income (loss) are subsequently reclassified to non-interest expense during the period in which the foreign investment is substantially liquidated or when other elements of the currency translation adjustment are reclassified to income.

**Derivatives Not Designated as Hedges** Certain of TCF's forward foreign exchange contracts are not designated as hedges and are generally settled within 34 days. Changes in the fair value of these forward foreign exchange contracts are reflected in other non-interest expense.

TCF executes interest rate swap agreements with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged with offsetting interest rate swaps that TCF executes with a third party and settles through a central clearing house, minimizing TCF's net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are reflected in other non-interest income. These contracts have original fixed maturity dates ranging from three to 10 years.

TCF enters into interest rate lock commitments in conjunction with the sale of certain consumer real estate loans. These interest rate lock commitments are agreements to extend credit under certain specified terms and conditions at fixed rates and have original lock expirations of up to 60 days. They are not designated as hedges and accordingly, changes in the valuation of these commitments are reflected in gains on sales of consumer real estate loans, net.

During the second quarter of 2012, TCF sold its Visa<sup>®</sup> Class B stock. In conjunction with the sale, TCF and the purchaser entered into a derivative transaction whereby TCF may receive or be required to make cash payments whenever the conversion ratio of the Visa Class B stock into Visa Class A stock is adjusted. The fair value of this derivative has been determined using estimated future cash flows using probability weighted scenarios for multiple estimates of Visa's aggregate exposure to covered litigation matters, which include consideration of amounts funded by Visa into its escrow account for the covered litigation matters. Changes, if any, in the valuation of this swap agreement, which has no determinable maturity date, are reflected in other non-interest expense.

**Stock-based Compensation** The fair value of restricted stock, stock options and restricted stock units is determined on the date of grant and amortized to compensation expense, with a corresponding increase to additional paid-in capital, over the longer of the service period or performance period, but in no event beyond an employee's retirement date or date of employment termination. For performance-based restricted stock or stock units, TCF estimates the degree to which performance conditions will be met to determine the number of shares or units that will vest and the related compensation expense. Compensation expense is adjusted in the period such estimates change. Non-forfeitable dividends, if any, paid on shares of restricted stock are recorded to retained earnings for shares that are expected to vest and to compensation expense for shares that are not expected to vest.

Income tax benefits related to stock compensation, where the fair value on vesting or exercise of the award exceeds the grant date value less any proceeds on exercise, are recognized as an increase to additional paid-in capital. Any income tax detriments, where the fair value on vesting or exercise of the award is less than grant date value less any proceeds on exercise, are recognized as a reduction to additional paid-in capital to the extent of previously recognized income tax benefits and then as income tax expense for any remaining amount.

**Earnings Per Common Share** TCF's restricted stock awards that pay non-forfeitable common stock dividends meet the criteria of a participating security. Accordingly, earnings per share is calculated using the two-class method, under which earnings are allocated to both common shares and participating securities.

All shares of restricted stock are deducted from weighted-average shares outstanding for the computation of basic earnings per common share. Shares of performance-based restricted stock and restricted stock units are included in the calculation of diluted earnings per common share, using the treasury stock method, at the beginning of the quarter in which the performance goals have been achieved. All other shares of restricted stock, which vest over specified time periods, stock options and warrants are included in the calculation of diluted earnings per common share, using the treasury stock method.

**Note 2. Cash and Due from Banks**

At December 31, 2016 and 2015, TCF Bank was required by Federal Reserve regulations to maintain reserves of \$103.7 million and \$101.6 million, respectively, in cash on hand or at the Federal Reserve Bank.

TCF maintains cash balances that are restricted as to their use in accordance with certain contractual agreements primarily related to the sale and servicing of auto finance loans. Cash payments received on loans serviced for third parties are generally held in separate accounts until remitted. TCF may also retain cash balances for collateral on certain borrowings, forward foreign exchange contracts, interest rate contracts and other contracts. TCF maintained restricted cash totaling \$51.3 million and \$58.3 million at December 31, 2016 and 2015, respectively.

TCF had cash held in interest-bearing accounts of \$326.5 million and \$609.5 million at December 31, 2016 and 2015, respectively.

**Note 3. Investments**

Investments were as follows:

(In thousands)	At December 31,	
	2016	2015
Federal Home Loan Bank stock, at cost	\$ 37,022	\$ 32,909
Federal Reserve Bank stock, at cost	37,692	37,628
Total investments	\$ 74,714	\$ 70,537

The investments in Federal Home Loan Bank ("FHLB") stock are required investments related to TCF's membership in and current borrowings from the FHLB of Des Moines. TCF's investments in the FHLB of Des Moines could be adversely impacted by the financial operations of the Federal Home Loan Banks and actions of their regulator, the Federal Housing Finance Agency. The amount of Federal Reserve Bank stock that TCF Bank is required to hold is based on TCF Bank's capital structure. TCF periodically evaluates investments for other than temporary impairment. There was no impairment of these investments in 2016, 2015 or 2014.

The yield on these investments, which have no stated contractual maturity, was 2.59% and 4.41% at December 31, 2016 and 2015, respectively.



**Note 4. Securities Available for Sale and Securities Held to Maturity**

Securities were as follows:

(In thousands)	At December 31,								
	2016				2015				Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
<b>Securities available for sale:</b>									
Mortgage-backed securities:									
U.S. Government sponsored enterprises and federal agencies	\$ 827,722	\$ 423	\$ 17,254	\$ 810,891	\$ 627,521	\$ 655	\$ 6,246	\$ 621,930	
Other	18	—	—	18	34	—	—	34	
Obligations of states and political subdivisions	628,972	394	16,840	612,526	262,189	4,732	—	266,921	
<b>Total securities available for sale</b>	<b>\$ 1,456,712</b>	<b>\$ 817</b>	<b>\$ 34,094</b>	<b>\$ 1,423,435</b>	<b>\$ 889,744</b>	<b>\$ 5,387</b>	<b>\$ 6,246</b>	<b>\$ 888,885</b>	
<b>Securities held to maturity:</b>									
Mortgage-backed securities:									
U.S. Government sponsored enterprises and federal agencies	\$ 178,514	\$ 3,072	\$ 440	\$ 181,146	\$ 197,410	\$ 5,247	\$ 214	\$ 202,443	
Other	—	—	—	—	1,110	—	—	1,110	
Other securities	2,800	—	—	2,800	3,400	—	—	3,400	
<b>Total securities held to maturity</b>	<b>\$ 181,314</b>	<b>\$ 3,072</b>	<b>\$ 440</b>	<b>\$ 183,946</b>	<b>\$ 201,920</b>	<b>\$ 5,247</b>	<b>\$ 214</b>	<b>\$ 206,953</b>	

There were no sales of securities available for sale in 2016. In 2015, TCF sold \$0.2 million of securities available for sale and received cash proceeds of \$0.2 million. In 2014, TCF recognized gross realized gains of \$1.2 million on sales of securities available for sale. There were no impairment charges recognized on securities available for sale in 2016, 2015 or 2014. At December 31, 2016 and 2015, mortgage-backed securities with a carrying value of \$7.5 million and \$17.1 million, respectively, were pledged as collateral to secure certain deposits and borrowings. Unrealized losses on securities available for sale are due to changes in interest rates. TCF has the ability and intent to hold these investments until a recovery of fair value occurs.

TCF recorded \$0.7 million, \$0.3 million and \$0.1 million of impairment charges in 2016, 2015 and 2014, respectively, on securities held to maturity.

Gross unrealized losses and fair value of securities available for sale and securities held to maturity aggregated by investment category and the length of time the securities were in a continuous loss position were as follows:

(In thousands)	At December 31, 2016					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Securities available for sale:</b>						
Mortgage-backed securities:						
U.S. Government sponsored enterprises and federal agencies	\$ 732,724	\$ 17,254	\$ —	\$ —	\$ 732,724	\$ 17,254
Obligations of states and political subdivisions	501,620	16,840	—	—	501,620	16,840
<b>Total securities available for sale</b>	<b>\$ 1,234,344</b>	<b>\$ 34,094</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,234,344</b>	<b>\$ 34,094</b>

<b>Securities held to maturity:</b>						
Mortgage-backed securities:						
U.S. Government sponsored enterprises and federal agencies	\$ 27,090	\$ 440	\$ —	\$ —	\$ 27,090	\$ 440
<b>Total securities held to maturity</b>	<b>\$ 27,090</b>	<b>\$ 440</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 27,090</b>	<b>\$ 440</b>

(In thousands)	At December 31, 2015					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Securities available for sale:</b>						
Mortgage-backed securities:						
U.S. Government sponsored enterprises and federal agencies	\$ 552,127	\$ 6,246	\$ —	\$ —	\$ 552,127	\$ 6,246
<b>Total securities available for sale</b>	<b>\$ 552,127</b>	<b>\$ 6,246</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 552,127</b>	<b>\$ 6,246</b>

<b>Securities held to maturity:</b>						
Mortgage-backed securities:						
U.S. Government sponsored enterprises and federal agencies	\$ 12,333	\$ 100	\$ 1,732	\$ 114	\$ 14,065	\$ 214
<b>Total securities held to maturity</b>	<b>\$ 12,333</b>	<b>\$ 100</b>	<b>\$ 1,732</b>	<b>\$ 114</b>	<b>\$ 14,065</b>	<b>\$ 214</b>

[Table of Contents](#)

The amortized cost and fair value of securities available for sale and securities held to maturity by final contractual maturity 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.

(In thousands)	At December 31,			
	2016		2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>Securities available for sale:</b>				
Due in one year or less	\$ 1	\$ 1	\$ 1	\$ 1
Due in 1-5 years	18	18	38	38
Due in 5-10 years	331,430	329,005	268,638	272,511
Due after 10 years	1,125,263	1,094,411	621,067	616,335
Total securities available for sale	\$ 1,456,712	\$ 1,423,435	\$ 889,744	\$ 888,885
<b>Securities held to maturity:</b>				
Due in one year or less	\$ —	\$ —	\$ 100	\$ 100
Due in 1-5 years	1,400	1,400	1,900	1,900
Due in 5-10 years	1,400	1,400	1,400	1,400
Due after 10 years	178,514	181,146	198,520	203,553
Total securities held to maturity	\$ 181,314	\$ 183,946	\$ 201,920	\$ 206,953

Interest income attributable to securities available for sale was as follows:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Taxable interest income	\$ 16,238	\$ 13,930	\$ 11,994
Tax-exempt interest income	10,335	1,718	—
Total interest income	\$ 26,573	\$ 15,648	\$ 11,994

**Note 5. Loans and Leases**

Loans and leases were as follows:

(In thousands)	At December 31,	
	2016	2015
<b>Consumer real estate:</b>		
First mortgage lien	\$ 2,292,596	\$ 2,624,956
Junior lien	2,791,756	2,839,316
Total consumer real estate	5,084,352	5,464,272
<b>Commercial:</b>		
Commercial real estate:		
Permanent	2,356,287	2,267,218
Construction and development	277,904	326,211
Total commercial real estate	2,634,191	2,593,429
Commercial business	652,287	552,403
Total commercial	3,286,478	3,145,832
Leasing and equipment finance	4,336,310	4,012,248
Inventory finance	2,470,175	2,146,754
Auto finance	2,647,741	2,647,596
Other	18,771	19,297
Total loans and leases <sup>(1)</sup>	\$ 17,843,827	\$ 17,435,999

(1) Loans and leases are reported at historical cost including net direct fees and costs associated with originating and acquiring loans and leases, lease residuals, unearned income and unamortized purchase premiums and discounts. The aggregate amount of these loan and lease adjustments was \$54.1 million and \$73.7 million at December 31, 2016 and 2015, respectively.



[Table of Contents](#)

The following table summarizes the recorded investment in consumer real estate and auto finance loans sold, including accrued interest, the net sales proceeds, the securitization receivable recorded, the interest-only strips received and the net gains. TCF executes securitizations, which qualify for sale accounting, by transferring the recorded investment to trusts. These trusts are considered variable interest entities due to their limited capitalization and special purpose nature. TCF has concluded it is not the primary beneficiary of the trusts and therefore, they are not consolidated. TCF retains servicing on these sold loans. No servicing assets or liabilities related to consumer real estate or auto finance loans were recorded within TCF's Consolidated Statements of Financial Condition, as the contractual servicing fees are adequate to compensate TCF for its servicing responsibilities based on the amount demanded by the marketplace.

(In thousands)	Year Ended December 31, 2016			
	Consumer Real Estate Loans	Auto Finance Loans	Auto Finance Securitizations	Total Auto Finance Loans
Sales proceeds, net <sup>(1)</sup>	\$ 1,665,507	\$ 688,227	\$ 1,447,113	\$ 2,135,340
Securitization receivable	—	—	18,620	18,620
Interest-only strips, initial value	16,925	5,695	—	5,695
Recorded investment in loans sold, including accrued interest	(1,630,113)	(669,775)	(1,453,283)	(2,123,058)
Net gains <sup>(2)</sup>	\$ 52,319	\$ 24,147	\$ 12,450	\$ 36,597

(In thousands)	Year Ended December 31, 2015			
	Consumer Real Estate Loans	Auto Finance Loans	Auto Finance Securitizations	Total Auto Finance Loans
Sales proceeds, net <sup>(1)</sup>	\$ 1,301,438	\$ 225,018	\$ 1,165,213	\$ 1,390,231
Interest-only strips, initial value	7,495	—	—	—
Recorded investment in loans sold, including accrued interest	(1,269,108)	(218,339)	(1,139,701)	(1,358,040)
Net gains <sup>(2)</sup>	\$ 39,825	\$ 6,679	\$ 25,512	\$ 32,191

(In thousands)	Year Ended December 31, 2014			
	Consumer Real Estate Loans	Auto Finance Loans	Auto Finance Securitizations	Total Auto Finance Loans
Sales proceeds, net <sup>(1)</sup>	\$ 1,450,244	\$ 1,098,635	\$ 265,976	\$ 1,364,611
Interest-only strips, initial value	10,816	17,927	—	17,927
Recorded investment in loans sold, including accrued interest	(1,426,969)	(1,079,230)	(258,561)	(1,337,791)
Net gains <sup>(2)</sup>	\$ 34,091	\$ 37,332	\$ 7,415	\$ 44,747

(1) Includes transaction fees and other sales related assets and liabilities.

(2) Excludes subsequent adjustments and valuation adjustments while held for sale.

Total interest-only strips and the contractual liabilities related to loan sales were as follows:

(In thousands)	At December 31,	
	2016	2015
<b>Interest-only strips attributable to:</b>		
Consumer real estate loan sales	\$ 27,260	\$ 19,182
Auto finance loan sales	12,892	25,150
<b>Contractual liabilities attributable to:</b>		
Consumer real estate loan sales	\$ 701	\$ 702
Auto finance loan sales	168	185

TCF recorded \$0.8 million of impairment charges on the consumer real estate loan interest-only strips in 2016, compared with none in 2015 and 2014. TCF recorded impairment charges on the auto finance loan interest-only strips of \$2.4 million, \$0.9 million and \$3.5 million in 2016, 2015 and 2014, respectively, primarily as a result of higher prepayments than originally assumed.

[Table of Contents](#)

TCF's agreements to sell auto and consumer real estate loans typically contain certain representations, warranties and covenants regarding the loans sold or securitized. These representations, warranties and covenants generally relate to, among other things, the ownership of the loan, the validity, priority and perfection of the lien securing the loan, accuracy of information supplied to the buyer or investor, the loan's compliance with the criteria set forth in the agreement, the manner in which the loans will be serviced, payment delinquency and compliance with applicable laws and regulations. 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. During 2016, 2015 and 2014, losses related to repurchases pursuant to such representations, warranties and covenants were immaterial. The majority of such repurchases were of auto finance loans where TCF typically has contractual agreements with the automobile dealerships that originated the loans requiring the dealers to repurchase such contracts from TCF.

The leasing and equipment finance portfolio consisted of \$2.3 billion of leases and \$2.0 billion of loans at December 31, 2016, compared with \$2.1 billion of leases and \$1.9 billion of loans at December 31, 2015.

Future minimum lease payments receivable for direct financing, sales-type leases and operating leases as of December 31, 2016 were as follows:

(In thousands)	
2017	\$ 828,687
2018	631,715
2019	464,743
2020	285,663
2021	143,654
Thereafter	56,584
Total	\$ 2,411,046

**Note 6. Allowance for Loan and Lease Losses and Credit Quality Information**

The rollforwards of the allowance for loan and lease losses were as follows:

At or For the Year Ended December 31, 2016							
(In thousands)	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Balance, beginning of period	\$ 67,992	\$ 30,185	\$ 19,018	\$ 11,128	\$ 26,486	\$ 1,245	\$ 156,054
Charge-offs	(18,624)	(753)	(7,738)	(2,623)	(26,994)	(7,353)	(64,085)
Recoveries	7,065	373	2,386	816	3,853	4,357	18,850
Net (charge-offs) recoveries	(11,559)	(380)	(5,352)	(1,807)	(23,141)	(2,996)	(45,235)
Provision for credit losses	9,304	2,890	7,706	4,540	39,149	2,285	65,874
Other	(6,289)	—	(22)	71	(10,184)	—	(16,424)
Balance, end of period	\$ 59,448	\$ 32,695	\$ 21,350	\$ 13,932	\$ 32,310	\$ 534	\$ 160,269

At or For the Year Ended December 31, 2015							
(In thousands)	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Balance, beginning of period	\$ 85,361	\$ 31,367	\$ 18,446	\$ 10,020	\$ 18,230	\$ 745	\$ 164,169
Charge-offs	(33,687)	(5,249)	(7,631)	(2,501)	(18,386)	(7,093)	(74,547)
Recoveries	7,428	3,769	2,792	1,019	2,971	5,034	23,013
Net (charge-offs) recoveries	(26,259)	(1,480)	(4,839)	(1,482)	(15,415)	(2,059)	(51,534)
Provision for credit losses	12,697	298	5,411	3,036	28,943	2,559	52,944
Other	(3,807)	—	—	(446)	(5,272)	—	(9,525)
Balance, end of period	\$ 67,992	\$ 30,185	\$ 19,018	\$ 11,128	\$ 26,486	\$ 1,245	\$ 156,054

At or For the Year Ended December 31, 2014							
(In thousands)	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
Balance, beginning of period	\$ 176,030	\$ 37,467	\$ 18,733	\$ 8,592	\$ 10,623	\$ 785	\$ 252,230
Charge-offs	(63,126)	(8,657)	(7,316)	(1,653)	(11,856)	(8,359)	(100,967)
Recoveries	6,867	2,887	3,705	826	1,491	5,860	21,636
Net (charge-offs) recoveries	(56,259)	(5,770)	(3,611)	(827)	(10,365)	(2,499)	(79,331)
Provision for credit losses	63,973	(259)	3,324	2,498	23,742	2,459	95,737
Other <sup>(1)</sup>	(98,383)	(71)	—	(243)	(5,770)	—	(104,467)
Balance, end of period	\$ 85,361	\$ 31,367	\$ 18,446	\$ 10,020	\$ 18,230	\$ 745	\$ 164,169

(1) Included in Other for consumer real estate is the transfer of \$95.3 million, comprised of \$77.0 million of previously established allowance for loan and lease losses and an additional \$18.3 million of write-downs arising from the transfer to loans held for sale in conjunction with the TDR loan sale.



The allowance for loan and lease losses and loans and leases outstanding by type of allowance methodology was as follows:

At December 31, 2016							
(In thousands)	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
<b>Allowance for loan and lease losses:</b>							
Collectively evaluated for impairment	\$ 36,103	\$ 31,430	\$ 19,093	\$ 13,304	\$ 31,106	\$ 533	\$ 131,569
Individually evaluated for impairment	23,345	1,265	2,257	628	1,204	1	28,700
<b>Total</b>	<b>\$ 59,448</b>	<b>\$ 32,695</b>	<b>\$ 21,350</b>	<b>\$ 13,932</b>	<b>\$ 32,310</b>	<b>\$ 534</b>	<b>\$ 160,269</b>
<b>Loans and leases outstanding:</b>							
Collectively evaluated for impairment	\$ 4,884,653	\$ 3,242,389	\$ 4,320,129	\$ 2,465,041	\$ 2,638,380	\$ 18,765	\$ 17,569,357
Individually evaluated for impairment	199,699	44,089	16,165	5,134	9,360	6	274,453
Loans acquired with deteriorated credit quality	—	—	16	—	1	—	17
<b>Total</b>	<b>\$ 5,084,352</b>	<b>\$ 3,286,478</b>	<b>\$ 4,336,310</b>	<b>\$ 2,470,175</b>	<b>\$ 2,647,741</b>	<b>\$ 18,771</b>	<b>\$ 17,843,827</b>

At December 31, 2015							
(In thousands)	Consumer Real Estate	Commercial	Leasing and Equipment Finance	Inventory Finance	Auto Finance	Other	Total
<b>Allowance for loan and lease losses:</b>							
Collectively evaluated for impairment	\$ 38,819	\$ 30,170	\$ 16,994	\$ 10,929	\$ 23,471	\$ 1,243	\$ 121,626
Individually evaluated for impairment	29,173	15	2,024	199	3,015	2	34,428
<b>Total</b>	<b>\$ 67,992</b>	<b>\$ 30,185</b>	<b>\$ 19,018</b>	<b>\$ 11,128</b>	<b>\$ 26,486</b>	<b>\$ 1,245</b>	<b>\$ 156,054</b>
<b>Loans and leases outstanding:</b>							
Collectively evaluated for impairment	\$ 5,248,829	\$ 3,092,398	\$ 3,997,544	\$ 2,145,605	\$ 2,637,269	\$ 19,286	\$ 17,140,931
Individually evaluated for impairment	215,443	53,434	14,669	1,149	10,308	11	295,014
Loans acquired with deteriorated credit quality	—	—	35	—	19	—	54
<b>Total</b>	<b>\$ 5,464,272</b>	<b>\$ 3,145,832</b>	<b>\$ 4,012,248</b>	<b>\$ 2,146,754</b>	<b>\$ 2,647,596</b>	<b>\$ 19,297</b>	<b>\$ 17,435,999</b>

**Accruing and Non-accrual Loans and Leases** TCF's key credit quality indicator is the receivable's payment performance status, defined as accruing or non-accruing. Non-accrual loans and leases are those which management believes have a higher risk of loss. Delinquent balances are determined based on the contractual terms of the loan or lease. TCF's accruing and non-accrual loans and leases were as follows:

At December 31, 2016						
(In thousands)	Current-59 Days Delinquent and Accruing	60-89 Days Delinquent and Accruing	90 Days or More Delinquent and Accruing	Total Accruing	Non-accrual	Total
<b>Consumer real estate:</b>						
First mortgage lien	\$ 2,177,746	\$ 6,581	\$ 2,144	\$ 2,186,471	\$ 106,125	\$ 2,292,596
Junior lien	2,744,006	1,404	—	2,745,410	46,346	2,791,756
Total consumer real estate	4,921,752	7,985	2,144	4,931,881	152,471	5,084,352
<b>Commercial:</b>						
Commercial real estate	2,628,627	—	—	2,628,627	5,564	2,634,191
Commercial business	651,932	—	—	651,932	355	652,287
Total commercial	3,280,559	—	—	3,280,559	5,919	3,286,478
Leasing and equipment finance	4,320,795	3,478	1,045	4,325,318	10,880	4,336,198
Inventory finance	2,464,986	16	39	2,465,041	5,134	2,470,175
Auto finance	2,634,600	3,785	2,317	2,640,702	7,038	2,647,740
Other	18,748	14	6	18,768	3	18,771
Subtotal	17,641,440	15,278	5,551	17,662,269	181,445	17,843,714
Portfolios acquired with deteriorated credit quality	113	—	—	113	—	113
Total	\$ 17,641,553	\$ 15,278	\$ 5,551	\$ 17,662,382	\$ 181,445	\$ 17,843,827

At December 31, 2015						
(In thousands)	Current-59 Days Delinquent and Accruing	60-89 Days Delinquent and Accruing	90 Days or More Delinquent and Accruing	Total Accruing	Non-accrual	Total
<b>Consumer real estate:</b>						
First mortgage lien	\$ 2,489,235	\$ 8,649	\$ 2,916	\$ 2,500,800	\$ 124,156	\$ 2,624,956
Junior lien	2,793,684	1,481	38	2,795,203	44,113	2,839,316
Total consumer real estate	5,282,919	10,130	2,954	5,296,003	168,269	5,464,272
<b>Commercial:</b>						
Commercial real estate	2,586,692	—	—	2,586,692	6,737	2,593,429
Commercial business	548,814	1	—	548,815	3,588	552,403
Total commercial	3,135,506	1	—	3,135,507	10,325	3,145,832
Leasing and equipment finance	3,998,469	1,728	564	4,000,761	11,262	4,012,023
Inventory finance	2,145,538	87	31	2,145,656	1,098	2,146,754
Auto finance	2,634,496	2,343	1,230	2,638,069	9,509	2,647,578
Other	19,274	13	7	19,294	3	19,297
Subtotal	17,216,202	14,302	4,786	17,235,290	200,466	17,435,756
Portfolios acquired with deteriorated credit quality	242	1	—	243	—	243
Total	\$ 17,216,444	\$ 14,303	\$ 4,786	\$ 17,235,533	\$ 200,466	\$ 17,435,999

Interest income recognized on loans and leases in non-accrual status and contractual interest that would have been recorded had the loans and leases performed in accordance with their original contractual terms were as follows:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Contractual interest due on non-accrual loans and leases	\$ 20,604	\$ 21,459	\$ 26,584
Interest income recognized on non-accrual loans and leases	4,152	4,305	9,359
Unrecognized interest income	\$ 16,452	\$ 17,154	\$ 17,225



Consumer real estate loans to customers currently involved in ongoing Chapter 7 or Chapter 13 bankruptcy proceedings which have not yet been discharged, dismissed or completed were as follows:

(In thousands)	At December 31,	
	2016	2015
Consumer real estate loans to customers in bankruptcy:		
0-59 days delinquent and accruing	\$ 13,675	\$ 26,020
Non-accrual	21,372	20,264
Total consumer real estate loans to customers in bankruptcy	\$ 35,047	\$ 46,284

For the years ended December 31, 2016 and 2015, interest income would have been reduced by approximately \$0.1 million and \$0.2 million, respectively, had the accrual of interest income on the above consumer loans been discontinued upon notification of bankruptcy.

**Loan Modifications for Borrowers with Financial Difficulties** Included within loans and leases in the previous tables are certain loans that have been modified in order to maximize collection of loan balances. If, for economic or legal reasons related to the customer's financial difficulties, TCF grants a concession, the modified loan is classified as a TDR loan. All loans classified as TDR loans are considered to be impaired. TDR loans consist primarily of consumer real estate and commercial loans.

Total TDR loans at December 31, 2016 and 2015 were \$207.4 million and \$230.6 million, respectively, of which \$126.0 million and \$135.3 million, respectively, were accruing. TCF held consumer real estate TDR loans of \$170.6 million and \$185.8 million at December 31, 2016 and 2015, respectively, of which \$98.6 million and \$106.8 million, respectively, were accruing. TCF also held \$22.5 million and \$31.7 million of commercial TDR loans at December 31, 2016 and 2015, respectively, of which \$20.3 million and \$24.7 million, respectively, were accruing. TDR loans for the remaining classes of finance receivables were not material at December 31, 2016 or 2015.

Unfunded commitments to consumer real estate and commercial loans classified as TDRs were \$0.4 million at both December 31, 2016 and 2015. At December 31, 2016 and 2015, no additional funds were committed to leasing and equipment finance, inventory finance or auto finance loans classified as TDRs.

When a loan is modified as a TDR, principal balances are generally not forgiven. 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. In 2016 and 2015, \$0.1 million and \$14.0 million, respectively, of commercial loans were removed from TDR status as they were restructured at market terms and were performing.

Unrecognized interest represents the difference between interest income recognized on accruing TDR loans and the contractual interest that would have been recorded under the original contractual terms. In 2016, unrecognized interest income for consumer real estate first mortgage lien accruing TDR loans and consumer real estate junior lien accruing TDR loans was \$2.0 million and \$0.7 million, respectively. The average yield for the same period on consumer real estate accruing TDR loans was 4.2%, which compares to the original contractual average rate of 6.7%. In 2015, unrecognized interest income for consumer real estate first mortgage lien accruing TDR loans and consumer real estate junior lien accruing TDR loans was \$2.2 million and \$0.8 million, respectively. The average yield for the same period on consumer real estate accruing TDR loans was 4.1%, which compares to the original contractual average rate of 6.7%. In 2014, unrecognized interest income for consumer real estate first mortgage lien accruing TDR loans and consumer real estate junior lien accruing TDR loans was \$16.7 million and \$1.2 million, respectively. The average yield for the same period on consumer real estate accruing TDR loans was 3.3%, which compares to the original contractual average rate of 6.8%. The unrecognized interest income for the remaining classes of finance receivables was not material for 2016, 2015 and 2014.

[Table of Contents](#)

TCF considers a loan to have defaulted when under the modified terms it becomes 90 or more days delinquent, has been transferred to non-accrual status, has been charged down or has been transferred to other real estate owned or repossessed and returned assets. TDR loans that defaulted during 2016, 2015 and 2014, which were modified during the respective reporting period or within one year of the beginning of the respective reporting period were as follows:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Loan balance: <sup>(1)</sup>			
Consumer real estate:			
First mortgage lien	\$ 8,193	\$ 1,674	\$ 1,969
Junior lien	1,630	821	1,364
Total consumer real estate	9,823	2,495	3,333
Commercial:			
Commercial real estate	—	—	3,895
Commercial business	—	—	127
Total commercial	—	—	4,022
Leasing and equipment finance	—	45	—
Auto finance	1,693	1,039	392
Defaulted TDR loans modified during the applicable period	\$ 11,516	\$ 3,579	\$ 7,747

(1) The loan balances presented are not materially different than the pre-modification loan balances as TCF's loan modifications generally do not forgive principal amounts.

Consumer real estate TDR loans are evaluated separately in TCF's allowance methodology. Impairment is generally based upon the present value of the expected future cash flows discounted at the loan's initial effective interest rate, unless the loans are collateral dependent, in which case loan impairment is based upon the fair value of the collateral less selling expenses. The allowance on accruing consumer real estate TDR loans was \$19.3 million, or 19.6% of the outstanding balance, at December 31, 2016, and \$22.4 million, or 21.0% of the outstanding balance, at December 31, 2015. In determining impairment for consumer real estate accruing TDR loans, TCF utilized assumed remaining re-default rates ranging from 10% to 33% in both 2016 and 2015, depending on modification type and actual experience. At December 31, 2016, 1.5% of accruing consumer real estate TDR loans were more than 60 days delinquent, compared with 2.0% at December 31, 2015.

Consumer real estate TDR loans generally remain on accruing status following modification if they are less than 90 days past due and payment in full under the modified terms of the loan is expected based on a current credit evaluation and historical payment performance. Of the non-accrual TDR balance at December 31, 2016, \$47.4 million, or 65.9%, were loans discharged in Chapter 7 bankruptcy that were not reaffirmed by the borrower, of which 82.2% were current. Of the non-accrual TDR balance at December 31, 2015, \$51.5 million, or 65.1%, were loans discharged in Chapter 7 bankruptcy that were not reaffirmed, of which 77.2% were current. All eligible loans are re-aged to current delinquency status upon modification.

Commercial TDR loans are individually evaluated for impairment based upon the present value of the expected future cash flows discounted at the loan's initial effective interest rate, unless the loans are collateral dependent, in which case impairment is based upon the fair value of collateral less estimated selling costs; 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. The allowance on accruing commercial TDR loans was \$1.1 million, or 5.6% of the outstanding balance, at December 31, 2016 and less than \$0.1 million, or 0.1% of the outstanding balance, at December 31, 2015. No accruing commercial TDR loans were 60 days or more delinquent at December 31, 2016 and 2015.

**Impaired Loans** TCF considers impaired loans to include non-accrual commercial loans, non-accrual equipment finance loans and non-accrual inventory finance loans, as well as all TDR loans. Non-accrual impaired loans, including non-accrual TDR loans, are included in non-accrual loans and leases within the previous tables. Accruing TDR loans have been disclosed by delinquency status within the previous tables of accruing and non-accrual loans and leases. In the following tables, the loan balance of impaired loans represents the amount recorded within loans and leases on the Consolidated Statements of Financial Condition, whereas the unpaid contractual balance represents the balances legally owed by the borrowers.

Information on impaired loans was as follows:

(In thousands)	At December 31,					
	2016			2015		
	Unpaid Contractual Balance	Loan Balance	Related Allowance Recorded	Unpaid Contractual Balance	Loan Balance	Related Allowance Recorded
<b>Impaired loans with an allowance recorded:</b>						
Consumer real estate:						
First mortgage lien	\$ 122,704	\$ 104,601	\$ 16,835	\$ 145,749	\$ 123,728	\$ 20,880
Junior lien	62,481	51,410	5,829	70,122	58,366	6,837
Total consumer real estate	185,185	156,011	22,664	215,871	182,094	27,717
Commercial:						
Commercial real estate	10,083	10,075	1,262	298	298	12
Commercial business	14	14	3	16	16	3
Total commercial	10,097	10,089	1,265	314	314	15
Leasing and equipment finance	9,900	9,900	1,044	7,259	7,259	822
Inventory finance	4,357	4,365	628	867	873	199
Auto finance	5,801	5,419	1,126	8,275	8,062	2,942
Other	6	6	1	21	11	2
Total impaired loans with an allowance recorded	215,346	185,790	26,728	232,607	198,613	31,697
<b>Impaired loans without an allowance recorded:</b>						
Consumer real estate:						
First mortgage lien	18,539	12,674	—	7,100	3,228	—
Junior lien	26,915	1,882	—	26,031	520	—
Total consumer real estate	45,454	14,556	—	33,131	3,748	—
Commercial:						
Commercial real estate	21,601	15,780	—	37,598	31,157	—
Commercial business	354	354	—	3,738	3,585	—
Total commercial	21,955	16,134	—	41,336	34,742	—
Inventory finance	767	769	—	274	276	—
Auto finance	3,919	2,408	—	2,003	1,177	—
Other	85	—	—	2	—	—
Total impaired loans without an allowance recorded	72,180	33,867	—	76,746	39,943	—
Total impaired loans	\$ 287,526	\$ 219,657	\$ 26,728	\$ 309,353	\$ 238,556	\$ 31,697

The average loan balance of impaired loans and interest income recognized on impaired loans were as follows:

(In thousands)	Year Ended December 31,					
	2016		2015		2014	
	Average Loan Balance	Interest Income Recognized	Average Loan Balance	Interest Income Recognized	Average Loan Balance	Interest Income Recognized
<b>Impaired loans with an allowance recorded:</b>						
Consumer real estate:						
First mortgage lien	\$ 114,164	\$ 3,597	\$ 112,698	\$ 5,438	\$ 311,458	\$ 14,715
Junior lien	54,888	2,606	56,885	3,353	63,977	3,492
Total consumer real estate	169,052	6,203	169,583	8,791	375,435	18,207
Commercial:						
Commercial real estate	5,186	353	27,355	852	63,099	2,349
Commercial business	15	—	17	—	2,199	—
Total commercial	5,201	353	27,372	852	65,298	2,349
Leasing and equipment finance	8,579	40	7,758	18	8,247	58
Inventory finance	2,619	56	1,315	76	4,249	97
Auto finance	6,741	112	5,495	22	1,617	—
Other	9	—	50	2	92	7
Total impaired loans with an allowance recorded	192,201	6,764	211,573	9,761	454,938	20,718
<b>Impaired loans without an allowance recorded:</b>						
Consumer real estate:						
First mortgage lien	7,951	449	19,188	1,045	39,086	2,321
Junior lien	1,201	672	3,959	1,817	5,852	1,285
Total consumer real estate	9,152	1,121	23,147	2,862	44,938	3,606
Commercial:						
Commercial real estate	23,468	743	40,828	1,957	65,167	2,973
Commercial business	1,970	—	2,033	5	2,946	94
Total commercial	25,438	743	42,861	1,962	68,113	3,067
Inventory finance	523	95	564	114	426	126
Auto finance	1,792	—	962	—	455	—
Total impaired loans without an allowance recorded	36,905	1,959	67,534	4,938	113,932	6,799
Total impaired loans	\$ 229,106	\$ 8,723	\$ 279,107	\$ 14,699	\$ 568,870	\$ 27,517

## Note 7. Premises and Equipment

Premises and equipment were as follows:

(In thousands)	At December 31,	
	2016	2015
Land	\$ 144,221	\$ 152,034
Office buildings	271,597	281,462
Leasehold improvements	50,796	56,243
Furniture and equipment	341,621	315,869
Subtotal	808,235	805,608
Less: Accumulated depreciation and amortization	389,863	359,674
Total	\$ 418,372	\$ 445,934

Depreciation and amortization expense related to premises and equipment was \$44.9 million, \$40.8 million and \$40.9 million in 2016, 2015 and 2014, respectively. TCF leases certain premises and equipment under operating leases. Net lease expense was \$35.5 million, \$35.1 million and \$34.0 million in 2016, 2015 and 2014, respectively.





At December 31, 2016, the total future minimum rental payments for operating leases of premises and equipment were as follows:

(In thousands)	
2017	\$ 28,264
2018	28,595
2019	26,481
2020	22,211
2021	15,642
Thereafter	70,738
<b>Total</b>	<b>\$ 191,931</b>

## Note 8. Goodwill and Other Intangible Assets

Goodwill and other intangible assets were as follows:

(In thousands)	At December 31,					
	2016			2015		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
<b>Amortizable intangible assets:</b>						
Deposit base intangibles	\$ 3,049	\$ 2,069	\$ 980	\$ 3,049	\$ 1,817	\$ 1,232
Customer base intangibles	2,730	2,002	728	2,730	1,709	1,021
Non-compete agreement	4,590	4,590	—	4,590	3,757	833
Tradename	300	300	—	300	300	—
<b>Total</b>	<b>\$ 10,669</b>	<b>\$ 8,961</b>	<b>\$ 1,708</b>	<b>\$ 10,669</b>	<b>\$ 7,583</b>	<b>\$ 3,086</b>
<b>Unamortizable intangible assets:</b>						
Goodwill related to consumer banking segment	\$ 214,286		\$ 214,286	\$ 214,286		\$ 214,286
Goodwill related to wholesale banking segment	11,354		11,354	11,354		11,354
<b>Total</b>	<b>\$ 225,640</b>		<b>\$ 225,640</b>	<b>\$ 225,640</b>		<b>\$ 225,640</b>

Amortization expense for intangible assets of \$1.4 million, \$1.6 million and \$1.7 million was recognized in 2016, 2015 and 2014, respectively. Amortization expense for intangible assets is estimated to be \$0.5 million for 2017, \$0.4 million for 2018, \$0.3 million for 2019, \$0.3 million for 2020 and \$0.2 million for 2021. There was no impairment of goodwill or the intangible assets in 2016, 2015 and 2014.

## Note 9. Deposits

Deposits were as follows:

(Dollars in thousands)	At December 31,					
	2016			2015		
	Weighted-average Rate	Amount	% of Total	Weighted-average Rate	Amount	% of Total
<b>Checking:</b>						
Non-interest bearing	—%	\$ 3,454,962	20.0%	—%	\$ 3,187,581	19.1%
Interest bearing	0.01	2,554,189	14.9	0.02	2,502,978	14.9
<b>Total checking</b>	<b>0.01</b>	<b>6,009,151</b>	<b>34.9</b>	<b>0.01</b>	<b>5,690,559</b>	<b>34.0</b>
Savings	0.03	4,719,481	27.4	0.06	4,717,457	28.2
Money market	0.61	2,421,467	14.0	0.63	2,408,180	14.5
Certificates of deposit	1.06	4,092,423	23.7	0.91	3,903,793	23.3
<b>Total deposits</b>	<b>0.36</b>	<b>\$ 17,242,522</b>	<b>100.0%</b>	<b>0.30</b>	<b>\$ 16,719,989</b>	<b>100.0%</b>

Annual maturities for certificates of deposit at December 31, 2016 were as follows:

(In thousands)	
2017	\$ 3,392,044
2018	643,552
2019	18,859
2020	13,867
2021	10,196
Thereafter	13,905
<b>Total</b>	<b>\$ 4,092,423</b>

The aggregate amount of certificates of deposit with balances equal to or greater than the Federal Deposit Insurance Corporation insurance limit of \$250,000 was \$561.0 million and \$484.2 million at December 31, 2016 and 2015, respectively.

**Note 10. Short-term Borrowings**

Selected information for short-term borrowings (borrowings with an original maturity of less than one year) was as follows:

(Dollars in thousands)	At December 31,					
	2016		2015		2014	
	Amount	Rate	Amount	Rate	Amount	Rate
<b>Period end balance:</b>						
Securities sold under repurchase agreements	\$ 2,159	0.10%	\$ 5,381	0.03%	\$ 4,425	0.10%
Line of Credit - TCF Commercial Finance Canada, Inc.	2,232	1.75	—	—	—	—
<b>Total</b>	<b>\$ 4,391</b>	<b>0.94</b>	<b>\$ 5,381</b>	<b>0.03</b>	<b>\$ 4,425</b>	<b>0.10</b>
<b>Average daily balances for the period ended:</b>						
Federal Home Loan Bank advances	\$ —	—%	\$ —	—%	\$ 74,385	0.26%
Federal funds purchased	156	0.71	225	0.45	375	0.40
Securities sold under repurchase agreements	5,235	0.41	16,431	0.06	5,956	0.18
Line of Credit - TCF Commercial Finance Canada, Inc.	1,660	1.75	2,166	1.96	2,957	1.88
<b>Total</b>	<b>\$ 7,051</b>	<b>0.73</b>	<b>\$ 18,822</b>	<b>0.28</b>	<b>\$ 83,673</b>	<b>0.31</b>
<b>Maximum month-end balances for the period ended:</b>						
Federal Home Loan Bank advances	\$ —	N.A.	\$ —	N.A.	\$ 250,000	N.A.
Securities sold under repurchase agreements	3,391	N.A.	62,995	N.A.	4,425	N.A.
Line of Credit - TCF Commercial Finance Canada, Inc.	5,907	N.A.	5,519	N.A.	11,751	N.A.

N.A. Not Applicable.

At December 31, 2016, the securities sold under short-term repurchase agreements were related to TCF Bank's Repurchase Investment Sweep Agreement product and were collateralized by mortgage-backed securities having a period end fair value of \$6.4 million.

## Note 11. Long-term Borrowings

Long-term borrowings were as follows:

(Dollars in thousands)	Stated Maturity	At December 31,					
		2016			2015		
		Amount	Stated Rate		Amount	Stated Rate	
Federal Home Loan Bank advances	2016	\$ —	—%		\$ 447,000	0.54%	1.17%
	2017	—	—		125,000	0.49	0.51
	2018	375,000	0.72%	0.81	—	—	—
	2019	300,000	0.78	0.81	—	—	—
Subtotal		675,000			572,000		
Subordinated bank notes	2016	—	—		74,992	5.50	
	2022	108,654	6.25		108,454	6.25	
	2025	148,052	4.60		147,861	4.60	
Hedge-related basis adjustment <sup>(1)</sup>		(1,349)			(209)		
Subtotal		255,357			331,098		
Discounted lease rentals	2016	—	—		48,120	2.39	7.95
	2017	57,081	2.45	7.88	41,969	2.45	7.88
	2018	42,132	2.55	7.95	24,496	2.55	7.95
	2019	24,671	2.53	6.00	9,329	2.53	6.00
	2020	11,753	2.64	6.90	2,035	2.95	5.15
	2021	4,423	2.88	4.57	83		4.57
Subtotal		140,060			126,032		
Other long-term borrowings	2016	—	—		2,685	1.36	
	2017	2,764	1.36		2,742	1.36	
Subtotal		2,764			5,427		
Total long-term borrowings		\$ 1,073,181			\$ 1,034,557		

(1) Related to subordinated bank notes with a stated maturity of 2025 at December 31, 2016.

At December 31, 2016, TCF Bank had pledged loans secured by consumer and commercial real estate and FHLB stock with an aggregate carrying value of \$4.5 billion as collateral for FHLB advances. At December 31, 2016, \$675.0 million of FHLB advances outstanding were prepayable monthly at TCF's option.

## Note 12. Income Taxes

Applicable income taxes in the Consolidated Statements of Income were as follows:

(In thousands)	Current	Deferred	Total
<b>Year ended December 31, 2016:</b>			
Federal	\$ 66,810	\$ 28,629	\$ 95,439
State	11,402	4,425	15,827
Foreign	5,350	(88)	5,262
Total	\$ 83,562	\$ 32,966	\$ 116,528
<b>Year ended December 31, 2015:</b>			
Federal	\$ 73,579	\$ 16,141	\$ 89,720
State	9,255	4,637	13,892
Foreign	5,252	8	5,260
Total	\$ 88,086	\$ 20,786	\$ 108,872
<b>Year ended December 31, 2014:</b>			
Federal	\$ 55,062	\$ 26,308	\$ 81,370
State	2,087	11,147	13,234
Foreign	5,185	(23)	5,162

Total	\$	62,334	\$	37,432	\$	99,766
-------	----	--------	----	--------	----	--------

---

Reconciliations to TCF's effective income tax rate from the statutory federal income tax rate of 35.00% were as follows:

	Year Ended December 31,		
	2016	2015	2014
Federal income tax rate	35.00 %	35.00 %	35.00 %
Increase (decrease) resulting from:			
State income tax, net of federal income tax	3.04	2.87	3.06
Tax-exempt income	(2.07)	(0.93)	(0.76)
Non-controlling interest tax effect	(0.99)	(0.97)	(0.92)
Foreign tax effects	(0.50)	(0.53)	(0.58)
Other, net	(0.03)	(0.84)	(0.34)
Effective income tax rate	34.45 %	34.60 %	35.46 %

TCF considers its undistributed foreign earnings to be reinvested indefinitely. This position is based on management's determination that cash held in TCF's foreign jurisdictions is not needed to fund its U.S. operations and that it either has reinvested or has intentions to reinvest these earnings. While management currently intends to indefinitely reinvest all of TCF's foreign earnings, should circumstances or tax laws change, TCF may need to record additional income tax expense in the period in which such determination or tax law change occurs. As of December 31, 2016 and 2015, TCF has not provided U.S. deferred taxes on \$56.3 million and \$42.9 million, respectively, of its undistributed foreign earnings. If these undistributed earnings were repatriated to the U.S. or otherwise became subject to U.S. taxation, the potential deferred tax liability would be approximately \$3.0 million and \$2.6 million as of December 31, 2016 and 2015, respectively, assuming full utilization of related foreign tax credits.

Reconciliations of the changes in unrecognized tax benefits were as follows:

(In thousands)	At or For the Year Ended December 31,		
	2016	2015	2014
Balance, beginning of period	\$ 4,249	\$ 4,649	\$ 4,704
Increases for tax positions related to the current year	546	323	468
Increases for tax positions related to prior years	627	—	8
Decreases for tax positions related to prior years	(84)	(157)	(350)
Settlements with taxing authorities	(525)	(425)	—
Decreases related to lapses of applicable statutes of limitation	(123)	(141)	(181)
Balance, end of period	\$ 4,690	\$ 4,249	\$ 4,649

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$1.6 million and \$1.3 million at December 31, 2016 and 2015, respectively. TCF recognizes increases and decreases for interest and penalties related to unrecognized tax benefits, where applicable, in income tax expense. TCF recognized approximately \$0.9 million of tax expense, \$0.2 million of tax benefit and \$0.1 million of tax expense in 2016, 2015 and 2014, respectively, related to interest and penalties. Interest and penalties of approximately \$1.2 million and \$0.3 million were accrued at December 31, 2016 and 2015, respectively.

TCF's federal income tax returns are open and subject to examination for 2013 and later tax return years. 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. TCF's various foreign income tax returns are open and subject to examination for 2012 and later tax return years. Changes in the amount of unrecognized tax benefits within the next 12 months from normal expirations of statutes of limitation are not expected to be material.

TCF's deferred tax assets and deferred tax liabilities were as follows:

(In thousands)	At December 31,	
	2016	2015
<b>Deferred tax assets:</b>		
Allowance for loan and lease losses	\$ 75,976	\$ 74,858
Stock compensation and deferred compensation plans	41,105	37,913
Securities available for sale	17,606	5,945
Net operating losses	11,924	10,735
Accrued expense	3,730	5,228
Non-accrual interest	2,140	4,250
Other	3,408	3,437
Deferred tax assets	155,889	142,366
Valuation allowance	(10,377)	(7,515)
Total deferred tax assets, net of valuation allowance	145,512	134,851
<b>Deferred tax liabilities:</b>		
Lease financing	348,933	320,374
Premises and equipment	32,430	28,657
Loan fees and discounts	17,017	19,220
Prepaid expenses	11,245	10,936
Goodwill and other intangibles	3,870	4,105
Other	7,375	6,026
Total deferred tax liabilities	420,870	389,318
Net deferred tax liabilities	\$ 275,358	\$ 254,467

The net operating losses at December 31, 2016 consisted of state net operating losses that expire in 2017 through 2036. The valuation allowance at December 31, 2016 and 2015 principally applies to net operating losses that, in the opinion of management, are more likely than not to expire unutilized. However, to the extent that tax benefits related to these carryforwards are realized in the future, the reduction in the valuation allowance will reduce income tax expense.

### Note 13. Equity

**Restricted Retained Earnings** Retained earnings at TCF Bank at December 31, 2016 included approximately \$134.4 million for which no provision for federal income taxes has been made. This amount represents earnings legally appropriated to thrift bad debt reserves and deducted for federal income tax purposes in prior years and is generally not available for payment of cash dividends or other distributions to stockholders. Future payments or distributions of these appropriated earnings could create a tax liability for TCF based on the amount of the distributions and the tax rates in effect at that time.

**Treasury Stock and Other** Treasury stock and other were as follows:

(In thousands)	At December 31,	
	2016	2015
Treasury stock, at cost	\$ (1,102)	\$ (1,102)
Shares held in trust for deferred compensation plans, at cost	(48,317)	(49,758)
Total	\$ (49,419)	\$ (50,860)

**Repurchases** No repurchases of common stock were made in 2016, 2015 or 2014. At December 31, 2016, TCF had 5.4 million shares remaining in its stock repurchase program authorized by TCF's Board of Directors. Prior consultation with the Federal Reserve is required by regulation before TCF could repurchase any shares of its common stock.

**Depository Shares Representing 7.50% Series A Non-Cumulative Perpetual Preferred Stock** TCF had 6,900,000 depository shares outstanding at December 31, 2016 and 2015, each representing a 1/1000<sup>th</sup> interest in a share of the Series A Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock"). Dividends are payable on the Series A Preferred Stock if, as and when declared by TCF's Board of Directors on a non-cumulative basis on March 1, June 1, September 1 and December 1 of each year at a per annum rate of 7.5%. The Series A Preferred Stock may be redeemed at TCF's option in whole or in part on or after June 25, 2017. TCF paid cash dividends to holders of the Series A Preferred Stock of \$12.9 million in 2016, 2015 and 2014.

**6.45% Series B Non-Cumulative Perpetual Preferred Stock** TCF had 4,000,000 shares of 6.45% Series B Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share (the "Series B Preferred Stock") outstanding at December 31, 2016 and 2015. Dividends are payable on the Series B Preferred Stock if, as and when declared by TCF's Board of Directors on a non-cumulative basis on March 1, June 1, September 1 and December 1 of each year at a per annum rate of 6.45%. The Series B Preferred Stock may be redeemed at TCF's option in whole or in part on or after December 19, 2017. TCF paid cash dividends to holders of the Series B Preferred Stock of \$6.5 million in 2016, 2015 and 2014.

### **Shares Held in Trust for Deferred Compensation Plans**

*Executive, Senior Officer, Winthrop and Directors Deferred Compensation Plans* TCF maintains the aforementioned deferred compensation plans, which previously allowed both eligible employees and non-employee directors to defer a portion of certain payments, and, in some cases, grants of restricted stock. In October 2008, TCF terminated the employee plans and only the Director plan remains active, which allows non-employee directors to defer up to 100% of their director fees and restricted stock awards. The amounts deferred under these plans are invested in TCF common stock or other publicly traded stocks, bonds or mutual funds. At December 31, 2016, the fair value of the assets in these plans totaled \$14.0 million and included \$10.5 million invested in TCF common stock, compared with a total fair value of \$11.7 million, including \$7.5 million invested in TCF common stock at December 31, 2015.

*TCF Employees Deferred Stock Compensation Plan* In 2011, TCF implemented the TCF Employees Deferred Stock Compensation Plan. This plan is comprised of restricted stock awards issued to certain executives. The assets of this plan are solely held in TCF common stock with a fair value of \$35.6 million and \$29.5 million at December 31, 2016 and 2015, respectively.

*TCF 401K Supplemental Plan* TCF also maintains the TCF 401K Supplemental Plan, a non-qualified plan, to which certain employees can contribute up to 50% of their salary and bonus. TCF matching contributions to this plan totaled \$1.7 million, \$1.0 million and \$1.5 million in 2016, 2015 and 2014, respectively. The Company made no other contributions to this plan, other than payment of administrative expenses. The amounts deferred under this plan are invested in TCF common stock or mutual funds. At December 31, 2016, the fair value of the assets in the plan totaled \$48.2 million and included \$27.9 million invested in TCF common stock, compared with a total fair value of \$32.8 million, including \$17.5 million invested in TCF common stock, at December 31, 2015.

The cost of TCF common stock held by TCF's deferred compensation plans and the TCF 401K Supplemental Plan is reported separately in a manner similar to treasury stock (that is, changes in fair value are not recognized) with a corresponding deferred compensation obligation reflected in additional paid-in capital.

**Warrants** At December 31, 2016, TCF had 3,199,988 warrants outstanding with an exercise price of \$16.93 per share, which expire on November 14, 2018. Upon the completion of the U.S. Department of the Treasury ("U.S. Treasury")'s secondary public offering of the warrants issued under the Capital Purchase Program ("CPP") in December 2009, the warrants became publicly traded on the New York Stock Exchange under the symbol "TCBWS". As a result, TCF has no further obligation to the Federal Government in connection with the CPP.

**Joint Venture** TCF has 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<sup>®</sup> and Exmark<sup>®</sup> branded products with sources of financing. TCF and Toro maintain a 55% and 45% ownership interest, respectively, in Red Iron. As TCF has a controlling financial interest in Red Iron, its financial results are consolidated in TCF's financial statements. Toro's interest is reported as a non-controlling interest within equity.

**Note 14. Regulatory Capital Requirements**

TCF and TCF Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary, actions by the federal banking agencies that could have a material adverse effect on TCF. 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, which was \$479.8 million at December 31, 2016, without prior approval of the Office of the Comptroller of the Currency ("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. In the future, these capital adequacy standards may be higher than existing minimum regulatory capital requirements.

The Basel III capital standard was introduced in 2015 and phased in through 2019. The standard revised the definition of capital, increased minimum capital ratios, introduced regulatory capital buffers above those minimums, introduced a common equity Tier 1 capital ratio and revised the rules for calculating risk-weighted assets. Banks that are not advanced approaches institutions may make a one-time election to opt out of the requirement to include components of accumulated other comprehensive income (loss) in common equity Tier 1 capital. TCF has elected to opt out of the accumulated other comprehensive income (loss) requirement. TCF and TCF Bank are subject to a capital conservation buffer. When fully phased-in on January 1, 2019, the Basel III capital standard will require TCF and TCF Bank to maintain a 2.5% capital conservation buffer, designed to absorb losses during periods of economic stress, composed entirely of Common equity Tier 1 capital, on top of the minimum risk-weighted asset ratios, effectively resulting in minimum ratios for TCF Bank of (i) a Common equity Tier 1 capital ratio of at least 7.0%, (ii) a Tier 1 risk-based capital ratio of at least 8.5% and (iii) a Total risk-based capital ratio of at least 10.5%.

Regulatory capital information for TCF and TCF Bank was as follows:

	TCF		TCF Bank		Well-capitalized Standard	Minimum Capital Requirement <sup>(1)</sup>
	At December 31,		At December 31,			
(Dollars in thousands)	2016	2015	2016	2015		
<b>Regulatory Capital:</b>						
Common equity Tier 1 capital	\$ 1,970,323	\$ 1,814,442	\$ 2,144,966	\$ 1,992,584		
Tier 1 capital	2,248,221	2,092,195	2,162,128	2,008,585		
Total capital	2,635,925	2,487,060	2,583,512	2,425,682		
<b>Regulatory Capital Ratios:</b>						
Common equity Tier 1 capital ratio	10.24%	10.00%	11.14%	10.99%	6.50%	4.50%
Tier 1 risk-based capital ratio	11.68	11.54	11.23	11.07	8.00	6.00
Total risk-based capital ratio	13.69	13.71	13.42	13.37	10.00	8.00
Tier 1 leverage ratio	10.73	10.46	10.32	10.04	5.00	4.00

(1) Excludes capital conservation buffer of 0.625% as of December 31, 2016.



**Note 15. Stock Compensation**

The TCF Financial 2015 Omnibus Incentive Plan ("Omnibus Incentive Plan") and the TCF Financial Incentive Stock Program ("Incentive Stock Program") were adopted to enable TCF to attract and retain key personnel. In April 2015, TCF stockholders approved the Omnibus Incentive Plan, which replaced the Incentive Stock Program. At December 31, 2016, there were 1,650,598 and 404,000 shares reserved for issuance under the Omnibus Incentive Plan and Incentive Stock Program, respectively.

At December 31, 2016, there were 50,000 and 1,050,000 shares of performance-based restricted stock awards outstanding under the Omnibus Incentive Plan and Incentive Stock Program, respectively, that will vest only if certain performance goals and service conditions are achieved. Failure to achieve the performance goals and service conditions will result in all or a portion of the shares being forfeited. Service-based restricted stock awards under either the Omnibus Incentive Plan or the Incentive Stock Program vest over periods from one to five years.

Information about restricted stock awards was as follows:

(Dollars in thousands)	At or For the Year Ended December 31,		
	2016	2015	2014
Unrecognized stock compensation expense	\$ 24,925	\$ 25,919	\$ 22,532
Weighted-average amortization (years)	1.6	2.1	2.6

At December 31, 2016, there were 228,867 performance-based restricted stock units granted under the Omnibus Incentive Plan that will vest only if certain performance goals are achieved. The performance-based restricted stock units are subject to TCF's relative total stockholder return for a three-year measurement period, based on award date, as measured against the peer group, which includes all publicly-traded banks and thrift institutions with assets between \$10 billion and \$50 billion, excluding peers which do not remain publicly traded for the full three-year performance period. The number of restricted stock units granted was at target and the actual restricted stock units granted will depend on actual performance with a maximum total payout of 150% of target. Failure to achieve the performance goals will result in all or a portion of the restricted stock units being forfeited. None of the performance-based restricted stock units have vested. The remaining performance period of the restricted stock units was 2.0 years at December 31, 2016.

Compensation expense for restricted stock awards and restricted stock units was as follows:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Compensation expense	\$ 8,715	\$ 5,931	\$ 8,690
Tax benefit recognized for stock compensation expense	3,103	2,127	3,424

In 2008, TCF granted stock options under the Incentive Stock Program. These options generally become exercisable over a period of one to 10 years from the date of the grant and expire after 10 years. All outstanding options have a fixed exercise price equal to the market price of TCF common stock on the date of grant. No stock options have subsequently been granted under the Incentive Stock Program. TCF also has the ability to grant stock options under the Omnibus Incentive Plan. As of December 31, 2016, no stock options had been granted under the Omnibus Incentive Plan.

The valuation assumptions for stock options granted in 2008 under the Incentive Stock Program were as follows:

Expected volatility			28.5 %
Weighted-average volatility			28.5 %
Expected dividend yield			3.5 %
Expected term (years)		6.25 -	6.75
Risk-free interest rate		2.58 % -	2.91 %

TCF's restricted stock award and stock option transactions since December 31, 2013 under the Omnibus Incentive Plan and the Incentive Stock Program were as follows:

	Restricted Stock Awards				Stock Options					
	Shares	Price Range		Weighted-average Grant Date Fair Value	Shares	Price Range		Weighted-average Remaining Contractual Life in Years	Weighted-average Exercise Price	
Outstanding at December 31, 2013	3,355,295	\$ 6.16	- \$ 15.17	\$ 11.09	1,626,000	\$ 12.85	- \$ 15.75	4.36	\$ 13.97	
Granted	1,120,750	13.84	- 16.02	15.61	—	—	- —	—	—	
Exercised	—	—	- —	—	(47,000)	15.75	- 15.75	—	15.75	
Forfeited/canceled	(108,490)	6.80	- 15.79	13.06	—	—	- —	—	—	
Vested	(1,509,061)	8.35	- 14.90	11.21	—	—	- —	—	—	
Outstanding at December 31, 2014	2,858,494	6.16	- 16.02	12.73	1,579,000	12.85	- 15.75	2.98	13.91	
Granted	786,933	12.86	- 16.28	14.45	—	—	- —	—	—	
Exercised	—	—	- —	—	(200,000)	12.85	- 12.85	—	12.85	
Forfeited/canceled	(156,332)	6.80	- 15.96	13.20	—	—	- —	—	—	
Vested	(216,009)	9.65	- 15.96	13.16	—	—	- —	—	—	
Outstanding at December 31, 2015	3,273,086	6.16	- 16.28	13.09	1,379,000	12.85	- 15.75	2.17	14.07	
Granted	899,000	9.48	- 13.24	12.13	—	—	- —	—	—	
Exercised	—	—	- —	—	(857,000)	12.85	- 15.75	—	13.04	
Forfeited/canceled	(230,486)	6.16	- 15.96	13.59	(118,000)	15.75	- 15.75	—	15.75	
Vested	(405,425)	9.65	- 15.96	13.10	—	—	- —	—	—	
Outstanding at December 31, 2016	3,536,175	7.73	- 16.28	12.81	404,000	15.75	- 15.75	1.06	15.75	
Exercisable at December 31, 2016	N.A.			N.A.	404,000	15.75	- 15.75		15.75	

N.A. Not Applicable.

## Note 16. Employee Benefit Plans

**401K Plan** The TCF 401K Plan (the "401K"), a qualified 401(k) and employee stock ownership plan, allows participants to make contributions of up to 50% of their covered compensation on a tax-deferred basis, subject to the annual covered compensation limitation imposed by the Internal Revenue Service ("IRS"). TCF matches the contributions of all participants with TCF common stock at the rate of \$1 per dollar for employees with one or more years of service up to a maximum company contribution of 5.0% of the employee's covered compensation subject to the annual covered compensation limitation imposed by the IRS. Employee contributions and matching contributions vest immediately.

Prior to January 1, 2016 TCF matched the contributions of all participants with TCF common stock at the rate of 50 cents per dollar for employees with one through four years of service up to a maximum company contribution of 3.0% of the employee's covered compensation, 75 cents per dollar for employees with five through nine years of service up to a maximum company contribution of 4.5% of the employee's covered compensation and \$1 per dollar for employees with 10 or more years of service up to a maximum company contribution of 6.0% of the employee's covered compensation, subject to the annual covered compensation limitation imposed by the IRS. Employee contributions vested immediately while the Company's matching contributions made prior to January 1, 2016 are subject to a graduated vesting schedule based on an employee's years of service with full vesting after five years.

Employees have the opportunity to diversify and invest their account balance, including matching contributions, in various mutual funds or TCF common stock. At December 31, 2016, the fair value of the assets in the 401K totaled \$315.5 million and included \$174.4 million invested in TCF common stock. Dividends on TCF common shares held in the 401K reduce retained earnings and the shares are considered outstanding for computing earnings per share. The Company's matching contributions are expensed when earned. TCF's contributions to the 401K were \$12.6 million, \$10.6 million and \$9.6 million in 2016, 2015 and 2014, respectively.

**Pension Plan** The TCF Cash Balance Pension Plan (the "Pension Plan") is a qualified defined benefit plan covering eligible employees who are at least 21 years old and have completed a year of eligible service with TCF. Employees hired after June 30, 2004 are not eligible to participate in the Pension Plan. Effective March 31, 2006, TCF amended the Pension Plan to discontinue compensation credits for all participants. Interest credits will continue to be paid until participants' accounts are distributed from the Pension Plan. Each month TCF credits participants' accounts with interest on their account balance based on the five-year Treasury rate plus 25 basis points rounded to the nearest quarter point determined at the beginning of each year. All participant accounts are vested.

The measurement of the projected benefit obligation, prepaid pension asset, pension liability and annual pension expense involves complex actuarial valuation methods and the use of actuarial and economic assumptions. Due to the long-term nature of the Pension Plan obligation, actual results may differ significantly from the actuarial-based estimates. Differences between estimates and actual experience are recorded in the year they arise. TCF closely monitors all assumptions and updates them annually. The Company does not consolidate the assets and liabilities associated with the Pension Plan.

**Postretirement Plan** TCF provides health care benefits for eligible retired employees (the "Postretirement Plan"). Effective January 1, 2000, TCF modified the Postretirement Plan for employees not yet eligible for benefits under the Postretirement Plan by eliminating the Company subsidy. The Postretirement Plan provisions for full-time and retired employees then eligible for these benefits were not changed. Employees retiring after December 31, 2009 are no longer eligible to participate in the Postretirement Plan. The Postretirement Plan is not funded.

The information set forth in the following tables is based on current actuarial reports using the measurement date of December 31 for TCF's Pension Plan and Postretirement Plan.

The funded statuses of the Pension Plan and the Postretirement Plan were as follows:

	Pension Plan		Postretirement Plan	
	Year Ended December 31,			
(In thousands)	2016	2015	2016	2015
<b>Change in projected benefit obligation:</b>				
Benefit obligation, beginning of period	\$ 35,953	\$ 39,490	\$ 4,570	\$ 4,984
Interest cost on projected benefit obligation	1,281	1,216	151	154
Actuarial (gain) loss	(625)	(1,436)	(211)	(173)
Benefits paid	(3,435)	(3,317)	(346)	(395)
Projected benefit obligation, end of period	33,174	35,953	4,164	4,570
<b>Change in fair value of plan assets:</b>				
Fair value of plan assets, beginning of period	40,914	44,678	—	—
Actual gain (loss) on plan assets	1,898	(447)	—	—
Benefits paid	(3,435)	(3,317)	(346)	(395)
TCF contributions	—	—	346	395
Fair value of plan assets, end of period	39,377	40,914	—	—
Funded status of plans, end of period	\$ 6,203	\$ 4,961	\$ (4,164)	\$ (4,570)
<b>Amounts recognized in the Consolidated Statements of Financial Condition:</b>				
Prepaid (accrued) benefit cost, end of period	\$ 6,203	\$ 4,961	\$ (4,164)	\$ (4,570)
Prior service cost included in accumulated other comprehensive income (loss)	—	—	(239)	(285)
Total recognized asset (liability)	\$ 6,203	\$ 4,961	\$ (4,403)	\$ (4,855)

The accumulated benefit obligation for the Pension Plan was \$33.2 million and \$36.0 million at December 31, 2016 and 2015, respectively.

TCF's Pension Plan investment policy permits investments in cash, money market mutual funds, direct fixed income securities to include U.S. Treasury securities, U.S. Government-sponsored enterprises and indirect fixed income investment securities made in fund form (mutual fund or institutional fund) where the fund invests in fixed income securities in investment grade corporate credits, non-investment grade floating-rate bank loans and non-investment grade bonds. The fair value of Level 1 assets are based upon prices obtained from independent pricing sources for the same assets traded in active markets. The fair value of the mortgage-backed securities categorized as Level 2 assets are based on prices obtained from independent pricing sources that are based on observable transactions of similar instruments, but not quoted markets. There were no assets that are valued on a recurring basis as Level 3 assets.

The balances of TCF's Pension Plan investments measured at fair value on a recurring basis were as follows:

(In thousands)	Pension Plan	
	Year Ended December 31,	
	2016	2015
<b>Level 1:</b>		
Fixed income mutual funds	\$ 26,121	\$ 25,323
Money market mutual funds	2,430	3,406
Cash	65	87
<b>Level 2:</b>		
Mortgage-backed securities	5,766	7,339
<b>Pension plan investments not classified in fair value hierarchy:</b>		
Collective investment fund	4,989	4,729
<b>Total Pension Plan assets held in trust</b>	<b>\$ 39,371</b>	<b>\$ 40,884</b>

The changes recognized in accumulated other comprehensive income (loss) attributable to the Postretirement Plan were as follows:

(In thousands)	Postretirement Plan		
	Year Ended December 31,		
	2016	2015	2014
Accumulated other comprehensive income (loss) before tax, beginning of period	\$ (285)	\$ (331)	\$ (378)
Amortization of prior service credit (recognized in net periodic benefit cost)	46	46	47
Accumulated other comprehensive income (loss) before tax, end of period	\$ (239)	\$ (285)	\$ (331)

The Pension Plan does not have any accumulated other comprehensive income (loss).

[Table of Contents](#)

The net periodic benefit plan (income) cost included in compensation and employee benefits expense for the Pension Plan and the Postretirement Plan was as follows:

(In thousands)	Pension Plan		
	Year Ended December 31,		
	2016	2015	2014
Interest cost	\$ 1,281	\$ 1,216	\$ 1,587
(Gain) loss on plan assets	(1,898)	447	511
Recognized actuarial (gain) loss	(625)	(1,436)	1,862
Net periodic benefit plan (income) cost	\$ (1,242)	\$ 227	\$ 3,960

(In thousands)	Postretirement Plan		
	Year Ended December 31,		
	2016	2015	2014
Interest cost	\$ 151	\$ 154	\$ 198
Recognized actuarial (gain) loss	(211)	(173)	(63)
Amortization of prior service cost	(46)	(46)	(47)
Net periodic benefit plan (income) cost	\$ (106)	\$ (65)	\$ 88

Pension Plan actual return on plan assets, net of administrative expenses was 4.9% in 2016 and a loss of 1.0% in 2015 and 2014. The expected actuarial return on plan assets was a gain of \$0.6 million, \$0.6 million and \$0.7 million in 2016, 2015 and 2014, respectively. In 2016, the actual gain on plan assets of \$1.9 million decreased net periodic benefit plan costs. In 2015 and 2014, the actual losses on plan assets of \$0.4 million and \$0.5 million, respectively, increased net periodic benefit plan costs.

The assumptions used to determine the estimated net benefit plan costs for the Pension Plan and Postretirement Plan were as follows:

	Pension Plan			Postretirement Plan		
	Year Ended December 31,			Year Ended December 31,		
	2016	2015	2014	2016	2015	2014
Discount rate	3.75%	3.25%	4.00%	3.50%	3.25%	4.00%
Expected long-term rate of return on plan assets	1.50	1.50	1.50	N.A.	N.A.	N.A.

N.A. Not Applicable.

Prior service credits of TCF's Postretirement Plan of \$46 thousand were included within accumulated other comprehensive income (loss) at December 31, 2016 and are expected to be recognized as components of net periodic benefit cost during 2017.

The actuarial assumptions used in the Pension Plan valuation are reviewed annually. The expected long-term rate of return on plan assets is determined by reference to historical market returns and future expectations. The 10-year expected average return of the index consistent with the Pension Plan's current investment strategy was 1.4%, net of administrative expenses. A 1.0% difference in the expected return on plan assets would result in a \$0.4 million change in net periodic pension expense.

The assumptions used to determine the estimated benefit plan obligation for the Pension Plan and Postretirement Plan were as follows:

	Pension Plan		Postretirement Plan	
	Year Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Discount rate	3.60%	3.75%	3.40%	3.50%
Health care cost trend rate assumed for next year	N.A.	N.A.	5.8	5.9
Final health care cost trend rate	N.A.	N.A.	4.5	4.5
Year that final health care trend rate is reached	N.A.	N.A.	2038	2038

N.A. Not Applicable.

The discount rates used to determine the estimated benefit plan obligation were determined by matching estimated benefit cash flows to a yield curve derived from corporate bonds rated AA by either Moody's or Standard and Poor's. Bonds containing call or put provisions were excluded. The average estimated duration of benefit cash flows for TCF's Pension Plan and Postretirement Plan varied between 6.7 and 7.0 years.

Assumed health care cost trend rates have an effect on the amounts reported for the Postretirement Plan. A 1.0% change in assumed health care cost trend rates would have the following effect:

(In thousands)	1-Percentage-Point	
	Increase	Decrease
Effect on total service and interest cost components	\$ 5	\$ (5)
Effect on postretirement benefit obligations	145	(133)

For 2016, TCF was eligible to contribute up to \$11.9 million to the Pension Plan until the 2016 federal income tax return extended due date under various IRS funding methods. During 2016, TCF made no cash contributions to the Pension Plan. TCF does not expect to be required to contribute to the Pension Plan in 2017. TCF expects to contribute \$0.5 million to the Postretirement Plan in 2017. TCF contributed \$0.3 million to the Postretirement Plan in 2016. TCF currently has no plans to pre-fund the Postretirement Plan in 2017.

The expected future benefit payments used to determine projected benefit obligations were as follows:

(In thousands)	Pension Plan	Postretirement Plan
2017	\$ 3,111	\$ 496
2018	3,110	471
2019	3,128	444
2020	2,980	418
2021	2,317	391
2022 - 2026	10,518	1,564

#### Note 17. Financial Instruments with Off-Balance Sheet Risk

TCF is a party to financial instruments with off-balance sheet risk, primarily to meet the financing needs of its customers. These financial instruments, which are issued or held for purposes other than trading, involve elements of credit and interest-rate risk in excess of the amounts recognized in the Consolidated Statements of Financial Condition.

TCF's exposure to credit loss, in the event of non-performance by the counterparty to the financial instrument, for commitments to extend credit and standby letters of credit is represented by the contractual amount of the commitments. TCF uses the same credit policies in making these commitments as it does for making direct loans. TCF evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained is based on a credit evaluation of the customer.

Financial instruments with off-balance sheet risk were as follows:

(In thousands)	At December 31,	
	2016	2015
Commitments to extend credit:		
Consumer real estate and other	\$ 1,425,585	\$ 1,402,088
Commercial	898,809	639,465
Leasing and equipment finance	125,648	128,259
Total commitments to extend credit	2,450,042	2,169,812
Standby letters of credit and guarantees on industrial revenue bonds	8,782	9,178
Total	\$ 2,458,824	\$ 2,178,990

**Commitments to Extend Credit** Commitments to extend credit are agreements to lend provided there is no violation of any condition in the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a certain amount of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Collateral to secure any funding of these commitments predominantly consists of residential and commercial real estate.



**Standby Letters of Credit and Guarantees on Industrial Revenue Bonds** Standby letters of credit and guarantees on industrial revenue bonds are conditional commitments issued by TCF guaranteeing the performance of a customer to a third party. These conditional commitments expire in various years through 2020. Collateral held consists primarily of commercial real estate mortgages. Since the conditions under which TCF is required to fund these commitments may not materialize, the cash requirements are expected to be less than the total outstanding commitments.

#### Note 18. Derivative Instruments

Derivative instruments were as follows:

(In thousands)	At December 31, 2016			
	Notional Amount	Gross Amounts Recognized	Gross Amounts Offset	Net Amount Presented
<b>Derivative Assets:</b>				
Derivatives designated as hedges:				
Forward foreign exchange contracts	\$ 61,760	\$ 1,082	\$ —	\$ 1,082
Derivatives not designated as hedges:				
Forward foreign exchange contracts	250,018	2,995	(1,439)	1,556
Interest rate contracts	149,499	1,925	(633)	1,292
Interest rate lock commitments	27,954	318	—	318
Total derivative assets		\$ 6,320	\$ (2,072)	\$ 4,248

#### Derivative Liabilities:

Derivatives designated as hedges:				
Interest rate contracts	\$ 150,000	\$ 1,320	\$ (1,320)	\$ —
Derivatives not designated as hedges:				
Forward foreign exchange contracts	115,336	469	(445)	24
Interest rate contracts	149,499	1,936	(1,332)	604
Other contracts	13,804	619	(619)	—
Interest rate lock commitments	2,947	21	—	21
Total derivative liabilities		\$ 4,365	\$ (3,716)	\$ 649

(In thousands)	At December 31, 2015			
	Notional Amount	Gross Amounts Recognized	Gross Amounts Offset	Net Amount Presented
<b>Derivative Assets:</b>				
Derivatives designated as hedges:				
Forward foreign exchange contracts	\$ 47,409	\$ 858	\$ —	\$ 858
Derivatives not designated as hedges:				
Forward foreign exchange contracts	260,678	5,057	(2,081)	2,976
Interest rate contracts	111,347	2,093	—	2,093
Interest rate lock commitments	50,667	729	—	729
Total derivative assets		\$ 8,737	\$ (2,081)	\$ 6,656

#### Derivative Liabilities:

Derivatives designated as hedges:				
Interest rate contracts	\$ 150,000	\$ 142	\$ (142)	\$ —
Derivatives not designated as hedges:				
Forward foreign exchange contracts	187,902	1,192	(1,081)	111
Interest rate contracts	111,347	2,175	(2,175)	—
Other contracts	13,804	305	(305)	—
Interest rate lock commitments	3,218	13	—	13
Total derivative liabilities		\$ 3,827	\$ (3,703)	\$ 124





[Table of Contents](#)

The pre-tax impact of derivative activity within the Consolidated Statements of Income and the Consolidated Statements of Comprehensive Income was as follows:

(In thousands)	Income Statement Location	Year Ended December 31,		
		2016	2015	2014
<b>Consolidated Statements of Income</b>				
Fair value hedges:				
Interest rate contracts	Other non-interest income	\$ (1,178)	\$ (142)	\$ —
Non-derivative hedged items	Other non-interest income	1,140	209	—
Not designated as hedges:				
Forward foreign exchange contracts	Other non-interest expense	(13,689)	74,292	38,752
Interest rate lock commitments	Gains on sales of consumer real estate loans, net	(419)	431	285
Interest rate contracts	Other non-interest income	71	4	(79)
Other contracts	Other non-interest expense	(629)	—	—
Net gain (loss) recognized		\$ (14,704)	\$ 74,794	\$ 38,958
<b>Consolidated Statements of Comprehensive Income</b>				
Net investment hedges:				
Forward foreign exchange contracts	Other comprehensive income (loss)	\$ (1,213)	\$ 7,613	\$ 3,126
Net unrealized gain (loss)		\$ (1,213)	\$ 7,613	\$ 3,126

TCF executes all of its forward foreign exchange contracts in the over-the-counter market with large financial institutions pursuant to International Swaps and Derivatives Association, Inc. agreements. These agreements include credit risk-related features that enhance the creditworthiness of these instruments as compared with other obligations of the respective counterparty with whom TCF has transacted by requiring that additional collateral be posted under certain circumstances. The amount of collateral required depends on the contract and is determined daily based on market and currency exchange rate conditions.

At December 31, 2016, credit risk-related contingent features existed on forward foreign exchange contracts with a notional value of \$78.1 million. In the event TCF is rated less than BB- by Standard and Poor's, the contracts could be terminated or TCF may be required to provide approximately \$1.6 million in additional collateral. There were no forward foreign exchange contracts containing credit risk-related features in a net liability position at December 31, 2016.

At December 31, 2016, TCF had posted \$10.1 million and \$1.4 million of cash collateral related to its interest rate contracts and other contracts, respectively, and had received \$3.8 million of cash collateral related to its forward foreign exchange contracts.

**Note 19. Fair Value Disclosures**

TCF uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Company's fair values are based on the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities available for sale, certain loans and leases held for sale, interest-only strips, forward foreign exchange contracts, interest rate contracts, interest rate lock commitments, forward loan sales commitments, assets and liabilities held in trust for deferred compensation plans and other contracts are recorded at fair value on a recurring basis. From time to time we may be required to record at fair value other assets on a non-recurring basis, such as certain securities held to maturity, loans, other real estate owned, repossessed and returned assets and the securitization receivable. These non-recurring fair value adjustments typically involve application of lower of cost or fair value accounting or write-downs of individual assets.

TCF groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the degree and reliability of estimates and assumptions used to determine fair value as follows: Level 1, which includes valuations that are based on prices obtained from independent pricing sources for the same instruments traded in active markets; Level 2, which includes valuations that are based on prices obtained from independent pricing sources that are based on observable transactions of similar instruments, but not quoted markets; and Level 3, for which valuations are generated from Company model-based techniques that use significant unobservable inputs. Such unobservable inputs reflect estimates of assumptions that market participants would use in pricing the asset or liability.

The following is a discussion of the valuation methodologies used to record assets and liabilities at fair value on a recurring or non-recurring basis and for estimating fair value of financial instruments not recorded at fair value.

**Investments** The carrying value of investments in FHLB stock and Federal Reserve Bank stock, categorized as Level 2, approximates fair value based on redemption at par value.

**Securities Held to Maturity** Securities held to maturity consist primarily of securities of U.S. Government sponsored enterprises and federal agencies. The fair value of securities of U.S. Government sponsored enterprises and federal agencies, categorized as Level 2, is estimated using prices obtained from independent asset pricing services that are based on observable transactions, but not quoted markets. Management reviews the prices obtained from independent asset pricing services for unusual fluctuations and comparisons to current market trading activity. The fair value of other mortgage-backed securities and other securities, categorized as Level 3, is estimated based on discounted cash flows using consideration of credit exposure and other internal pricing methods. There is no observable secondary market for these securities.

**Securities Available for Sale** Securities available for sale consist primarily of securities of U.S. Government sponsored enterprises and federal agencies, and obligations of states and political subdivisions. The fair value of these securities, categorized as Level 2, is recorded using prices obtained from independent asset pricing services that are based on observable transactions, but not quoted markets. Management reviews the prices obtained from independent asset pricing services for unusual fluctuations and comparisons to current market trading activity.

**Loans and Leases Held for Sale** Loans and leases held for sale are generally carried at the lower of cost or fair value. Estimated fair values are based upon recent loan sale transactions and any available price quotes on loans with similar coupons, maturities and credit quality. Certain other loans and leases held for sale are recorded at fair value under the elected fair value option. TCF relies on internal valuation models which utilize quoted investor prices to estimate the fair value of these loans. Loans and leases held for sale are categorized as Level 3.

**Loans** The fair value of loans, categorized as Level 3, is estimated based on discounted expected cash flows and recent sales of similar loans. The discounted cash flows include assumptions for prepayment estimates over each loan's remaining life, consideration of the current interest rate environment compared with the weighted-average rate of each portfolio, a credit risk component based on the historical and expected performance of each portfolio and a liquidity adjustment related to the current market environment. TCF also uses pricing data from recent sales of loans with similar risk characteristics as data points to validate the assumptions used in estimating the fair value of certain loans.

Loans for which repayment is expected to be provided solely by the value of the underlying collateral, categorized as Level 3 and recorded at fair value on a non-recurring basis, are valued based on the fair value of that collateral less estimated selling costs. Such loans include non-accrual impaired loans as well as certain delinquent non-accrual consumer real estate and auto finance loans. The fair value of the collateral is determined based on internal estimates and assessments provided by third-party appraisers.

**Interest-only Strips** The fair value of interest-only strips, categorized as Level 3, represents the present value of future cash flows expected to be received by TCF on certain assets. TCF uses available market data, along with its own empirical data and discounted cash flow models, to arrive at the estimated fair value of its interest-only strips. The present value of the estimated expected future cash flows to be received is determined by using discount, loss and prepayment rates that TCF believes are commensurate with the risks associated with the cash flows and what a market participant would use. These assumptions are inherently subject to volatility and uncertainty and, as a result, the estimated fair value of the interest-only strips may fluctuate significantly from period to period.

**Forward Foreign Exchange Contracts** TCF's forward foreign exchange contracts are currency contracts executed in over-the-counter markets and are recorded at fair value using a cash flow model that includes key inputs such as foreign exchange rates and an assessment of the risk of counterparty non-performance. The risk of counterparty non-performance is based on external assessments of credit risk. The fair value of these contracts, categorized as Level 2, is based on observable transactions, but not quoted markets.

**Interest Rate Contracts** TCF executes interest rate swap agreements with commercial banking customers to facilitate the customer's risk management strategy. These interest rate swaps are simultaneously hedged by offsetting interest rate swaps TCF executes with a third party, minimizing TCF's net interest rate risk exposure resulting from such transactions. TCF also has an interest rate swap agreement to convert its \$150.0 million of fixed-rate subordinated notes to floating rate debt. These derivative instruments are recorded at fair value. The fair value of these swap agreements, categorized as Level 2, is determined using a cash flow model which considers the forward curve, the discount curve and credit valuation adjustments related to counterparty and/or borrower non-performance risk.

**Interest Rate Lock Commitments and Forward Loan Sales Commitments** TCF's interest rate lock commitments are derivative instruments that are carried at fair value. The related forward loan sales commitments to sell the resulting loans held for sale are also recorded at fair value under the elected fair value option. TCF relies on internal valuation models to estimate the fair value of these instruments. The valuation models utilize estimated rates of successful loan closings and quoted investor prices. While these models use both Level 2 and 3 inputs, TCF has determined that the majority of the inputs significant in the valuation of these commitments fall within Level 3 and therefore they are categorized as Level 3.

**Other Real Estate Owned and Repossessed and Returned Assets** The fair value of other real estate owned, categorized as Level 3, is based on independent appraisals, real estate brokers' price opinions or automated valuation methods, less estimated selling costs. Certain properties require assumptions that are not observable in an active market in the determination of fair value. The fair value of repossessed and returned assets is based on available pricing guides, auction results or price opinions, less estimated selling costs. Assets acquired through foreclosure, repossession or returned to TCF are initially recorded at the lower of the loan or lease carrying amount or fair value less estimated selling costs at the time of transfer to other real estate owned or repossessed and returned assets.

**Securitization Receivable** TCF executed an auto finance loan securitization during the second quarter of 2016 with a related receivable representing a cash reserve account posted at the inception of the securitization. The fair value of the securitization receivable, categorized as Level 3, is estimated based on discounted cash flows using interest rates for borrowings of similar remaining maturities plus a spread based on management's judgment.

**Assets and Liabilities Held in Trust for Deferred Compensation Plans** Assets held in trust for deferred compensation plans include investments in publicly traded securities, excluding TCF common stock reported in treasury and other equity, and U.S. Treasury notes. The fair value of these assets, categorized as Level 1, is based upon prices obtained from independent asset pricing services based on active markets. The fair value of the liabilities equals the fair value of the assets.

**Other Contracts** TCF has a swap agreement related to the sale of TCF's Visa Class B stock, categorized as Level 3. The fair value of the Visa agreement is based upon TCF's estimated exposure related to the Visa covered litigation through a probability analysis of the funding and estimated settlement amounts.

**Deposits** The fair value of checking, savings and money market deposits, categorized as Level 1, is deemed equal to the amount payable on demand. The fair value of certificates of deposit, categorized as Level 2, is estimated based on discounted cash flows using currently offered market rates. The intangible value of long-term relationships with depositors is not taken into account in the fair values disclosed.

**Long-term Borrowings** The fair value of TCF's long-term borrowings, categorized as Level 2, is estimated based on observable market prices and discounted cash flows using interest rates for borrowings of similar remaining maturities and characteristics. The fair value of other long-term borrowings, categorized as Level 3, is based on unobservable inputs determined at the time of origination.

**Financial Instruments with Off-Balance Sheet Risk** The fair value of TCF's commitments to extend credit and standby letters of credit, categorized as Level 2, is estimated using fees currently charged to enter into similar agreements. Substantially all commitments to extend credit and standby letters of credit have floating interest rates and do not expose TCF to interest rate risk; therefore fair value is approximately equal to carrying value.

The balances of assets and liabilities measured at fair value on a recurring and non-recurring basis were as follows:

(In thousands)	Fair Value Measurements at December 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Recurring Fair Value Measurements:</b>				
Securities available for sale:				
Mortgage-backed securities:				
U.S. Government sponsored enterprises and federal agencies	\$ —	\$ 810,891	\$ —	\$ 810,891
Other	—	—	18	18
Obligations of states and political subdivisions	—	612,526	—	612,526
Loans and leases held for sale	—	—	6,498	6,498
Interest-only strips	—	—	40,152	40,152
Forward foreign exchange contracts <sup>(1)</sup>	—	4,077	—	4,077
Interest rate contracts <sup>(1)</sup>	—	1,925	—	1,925
Interest rate lock commitments <sup>(1)</sup>	—	—	318	318
Forward loan sales commitments	—	—	374	374
Assets held in trust for deferred compensation plans	23,363	—	—	23,363
<b>Total assets</b>	<b>\$ 23,363</b>	<b>\$ 1,429,419</b>	<b>\$ 47,360</b>	<b>\$ 1,500,142</b>
Forward foreign exchange contracts <sup>(1)</sup>	\$ —	\$ 469	\$ —	\$ 469
Interest rate contracts <sup>(1)</sup>	—	3,256	—	3,256
Interest rate lock commitments <sup>(1)</sup>	—	—	21	21
Forward loan sales commitments	—	—	13	13
Liabilities held in trust for deferred compensation plans	23,363	—	—	23,363
Other contracts <sup>(1)</sup>	—	—	619	619
<b>Total liabilities</b>	<b>\$ 23,363</b>	<b>\$ 3,725</b>	<b>\$ 653</b>	<b>\$ 27,741</b>
<b>Non-recurring Fair Value Measurements:</b>				
Securities held to maturity	\$ —	\$ —	\$ 2,400	\$ 2,400
Loans	—	—	113,954	113,954
Other real estate owned:				
Consumer	—	—	25,751	25,751
Commercial	—	—	3,874	3,874
Repossessed and returned assets	—	2,767	2,800	5,567
<b>Total non-recurring fair value measurements</b>	<b>\$ —</b>	<b>\$ 2,767</b>	<b>\$ 148,779</b>	<b>\$ 151,546</b>

(1) As permitted under GAAP, TCF has elected to net derivative assets and derivative liabilities when a legally enforceable master netting agreement exists as well as the related cash collateral received and paid. For purposes of this table, the derivative assets and derivative liabilities are presented gross of this netting adjustment.

(In thousands)	Fair Value Measurements at December 31, 2015			
	Level 1	Level 2	Level 3	Total
<b>Recurring Fair Value Measurements:</b>				
Securities available for sale:				
Mortgage-backed securities:				
U.S. Government sponsored enterprises and federal agencies	\$ —	\$ 621,930	\$ —	\$ 621,930
Other	—	—	34	34
Obligations of states and political subdivisions	—	266,921	—	266,921
Loans and leases held for sale	—	—	10,568	10,568
Interest-only strips	—	—	44,332	44,332
Forward foreign exchange contracts <sup>(1)</sup>	—	5,915	—	5,915
Interest rate contracts <sup>(1)</sup>	—	2,093	—	2,093
Interest rate lock commitments <sup>(1)</sup>	—	—	729	729
Forward loan sales commitments	—	—	284	284
Assets held in trust for deferred compensation plans	19,731	—	—	19,731
<b>Total assets</b>	<b>\$ 19,731</b>	<b>\$ 896,859</b>	<b>\$ 55,947</b>	<b>\$ 972,537</b>
Forward foreign exchange contracts <sup>(1)</sup>	\$ —	\$ 1,192	\$ —	\$ 1,192
Interest rate contracts <sup>(1)</sup>	—	2,317	—	2,317
Interest rate lock commitments <sup>(1)</sup>	—	—	13	13
Forward loan sales commitments	—	—	19	19
Liabilities held in trust for deferred compensation plans	19,731	—	—	19,731
Other contracts <sup>(1)</sup>	—	—	305	305
<b>Total liabilities</b>	<b>\$ 19,731</b>	<b>\$ 3,509</b>	<b>\$ 337</b>	<b>\$ 23,577</b>
<b>Non-recurring Fair Value Measurements:</b>				
Securities held to maturity	\$ —	\$ —	\$ 1,110	\$ 1,110
Loans	—	—	130,797	130,797
Other real estate owned:				
Consumer	—	—	37,619	37,619
Commercial	—	—	5,249	5,249
Repossessed and returned assets	—	2,673	2,197	4,870
<b>Total non-recurring fair value measurements</b>	<b>\$ —</b>	<b>\$ 2,673</b>	<b>\$ 176,972</b>	<b>\$ 179,645</b>

(1) As permitted under GAAP, TCF has elected to net derivative assets and derivative liabilities when a legally enforceable master netting agreement exists as well as the related cash collateral received and paid. For purposes of this table, the derivative assets and derivative liabilities are presented gross of this netting adjustment.

Management assesses the appropriate classification of financial assets and liabilities within the fair value hierarchy by monitoring the level of availability of observable market information. Changes in markets or economic conditions, as well as changes to Company valuation models may require the transfer of financial instruments from one fair value level to another. Such transfers, if any, are recorded at the fair values as of the beginning of the quarter in which the transfer occurred. TCF had no transfers in 2016, 2015 and 2014.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis were as follows:

(In thousands)	Securities Available for Sale	Loans and Leases Held for Sale	Interest-only Strips	Interest Rate Lock Commitments	Forward Loan Sales Commitments	Other Contracts
Asset (liability) balance, December 31, 2013	\$ 93	\$ —	\$ 84,561	\$ —	\$ —	\$ (899)
Total net gains (losses) included in:						
Net income	—	72	6,836	285	(23)	(47)
Sales	—	(39,246)	—	—	—	—
Originations	—	42,482	28,743	—	—	—
Principal paydowns / settlements	(38)	—	(50,351)	—	—	325
Asset (liability) balance, December 31, 2014	55	3,308	69,789	285	(23)	(621)
Total net gains (losses) included in:						
Net income	—	(68)	6,960	431	288	—
Sales	—	(289,751)	—	—	—	—
Originations	—	297,079	7,495	—	—	—
Principal paydowns / settlements	(21)	—	(39,912)	—	—	316
Asset (liability) balance, December 31, 2015	34	10,568	44,332	716	265	(305)
Total net gains (losses) included in:						
Net income	—	(48)	2,980	(419)	96	(629)
Other comprehensive income (loss)	—	—	159	—	—	—
Sales	—	(343,949)	—	—	—	—
Originations	—	339,930	22,620	—	—	—
Principal paydowns / settlements	(16)	(3)	(29,939)	—	—	315
Asset (liability) balance, December 31, 2016	\$ 18	\$ 6,498	\$ 40,152	\$ 297	\$ 361	\$ (619)

### Fair Value Option

TCF Bank originates first mortgage lien loans in its primary banking markets and sells the loans through a correspondent relationship. TCF elected the fair value option for these loans. This election facilitates the offsetting of changes in fair values of the loans held for sale and the derivative financial instruments used to economically hedge them. The difference between the aggregate fair value and aggregate unpaid principal balance of these loans held for sale was as follows:

(In thousands)	At December 31,	
	2016	2015
Fair value carrying amount	\$ 6,498	\$ 10,568
Aggregate unpaid principal amount	6,563	10,547
Fair value carrying amount less aggregate unpaid principal	\$ (65)	\$ 21

Differences between the fair value carrying amount and the aggregate unpaid principal balance include changes in fair value recorded at and subsequent to funding and gains and losses on the related loan commitment prior to funding. No loans recorded under the fair value option were delinquent or on non-accrual status at December 31, 2016 or 2015. The net gain from initial measurement of the correspondent lending loans held for sale, any subsequent changes in fair value while the loans are outstanding and any actual adjustment to the gains realized upon sales of the loans totaled \$7.6 million, \$6.3 million and \$0.9 million for 2016, 2015 and 2014, respectively, and is included in gains on sales of consumer real estate loans, net. This amount excludes the impact from the interest rate lock commitments and forward loan sales commitments which are also included in gains on sales of consumer real estate loans, net.

## Disclosures About Fair Value of Financial Instruments

Management discloses the estimated fair value of financial instruments, both assets and liabilities on and off the balance sheet, for which it is practicable to estimate fair value. These fair value estimates were made at December 31, 2016 and 2015, based on relevant market information and information about the financial instruments. Fair value estimates are intended to represent the price at which an asset could be sold or a liability could be settled. However, given there is no active market or observable market transactions for many of the Company's financial instruments, the estimates of fair values are subjective in nature, involve uncertainties and include matters of significant judgment. Changes in assumptions could significantly affect the estimated values.

The carrying amounts and estimated fair values of the Company's financial instruments, excluding short-term financial assets and liabilities as their carrying amounts approximate fair value and excluding financial instruments recorded at fair value on a recurring basis were as follows. This information represents only a portion of TCF's balance sheet and not the estimated value of the Company as a whole. Non-financial instruments such as the intangible value of TCF's branches and core deposits, leasing operations, goodwill, premises and equipment and the future revenues from TCF's customers are not reflected in this disclosure. Therefore, this information is of limited use in assessing the value of TCF.

(In thousands)	Carrying Amount	Estimated Fair Value at December 31, 2016			
		Level 1	Level 2	Level 3	Total
<b>Financial instrument assets:</b>					
Investments	\$ 74,714	\$ —	\$ 74,714	\$ —	\$ 74,714
Securities held to maturity	181,314	—	181,146	2,800	183,946
Loans and leases held for sale	268,832	—	—	282,786	282,786
Loans:					
Consumer real estate	5,084,352	—	—	5,165,062	5,165,062
Commercial real estate	2,634,191	—	—	2,583,775	2,583,775
Commercial business	652,287	—	—	631,215	631,215
Equipment finance	2,016,732	—	—	1,983,237	1,983,237
Inventory finance	2,470,175	—	—	2,453,184	2,453,184
Auto finance	2,647,741	—	—	2,656,266	2,656,266
Other	18,771	—	—	17,780	17,780
Allowance for loan losses <sup>(1)</sup>	(160,269)	—	—	—	—
Securitization receivable <sup>(2)</sup>	18,835	—	—	18,835	18,835
<b>Total financial instrument assets</b>	<b>\$ 15,907,675</b>	<b>\$ —</b>	<b>\$ 255,860</b>	<b>\$ 15,794,940</b>	<b>\$ 16,050,800</b>
<b>Financial instrument liabilities:</b>					
Deposits	\$ 17,242,522	\$ 13,150,099	\$ 4,112,685	\$ —	\$ 17,262,784
Long-term borrowings	1,073,181	—	1,073,875	2,764	1,076,639
<b>Total financial instrument liabilities</b>	<b>\$ 18,315,703</b>	<b>\$ 13,150,099</b>	<b>\$ 5,186,560</b>	<b>\$ 2,764</b>	<b>\$ 18,339,423</b>
<b>Financial instruments with off-balance sheet risk:<sup>(3)</sup></b>					
Commitments to extend credit	\$ 21,681	\$ —	\$ 21,681	\$ —	\$ 21,681
Standby letters of credit	(29)	—	(29)	—	(29)
<b>Total financial instruments with off-balance sheet risk</b>	<b>\$ 21,652</b>	<b>\$ —</b>	<b>\$ 21,652</b>	<b>\$ —</b>	<b>\$ 21,652</b>

(1) Expected credit losses are included in the estimated fair values.

(2) Carrying amounts are included in other assets.

(3) Positive amounts represent assets, negative amounts represent liabilities.



[Table of Contents](#)

(In thousands)	Carrying Amount	Estimated Fair Value at December 31, 2015			
		Level 1	Level 2	Level 3	Total
<b>Financial instrument assets:</b>					
Investments	\$ 70,537	\$ —	\$ 70,537	\$ —	\$ 70,537
Securities held to maturity	201,920	—	202,443	4,510	206,953
Loans and leases held for sale	157,625	—	—	165,387	165,387
Loans:					
Consumer real estate	5,464,272	—	—	5,543,273	5,543,273
Commercial real estate	2,593,429	—	—	2,556,018	2,556,018
Commercial business	552,403	—	—	531,274	531,274
Equipment finance	1,909,672	—	—	1,888,664	1,888,664
Inventory finance	2,146,754	—	—	2,132,435	2,132,435
Auto finance	2,647,596	—	—	2,650,429	2,650,429
Other	19,297	—	—	14,699	14,699
Allowance for loan losses <sup>(1)</sup>	(156,054)	—	—	—	—
<b>Total financial instrument assets</b>	<b>\$ 15,607,451</b>	<b>\$ —</b>	<b>\$ 272,980</b>	<b>\$ 15,486,689</b>	<b>\$ 15,759,669</b>
<b>Financial instrument liabilities:</b>					
Deposits	\$ 16,719,989	\$ 12,816,196	\$ 3,927,434	\$ —	\$ 16,743,630
Long-term borrowings	1,034,557	—	1,035,846	5,427	1,041,273
<b>Total financial instrument liabilities</b>	<b>\$ 17,754,546</b>	<b>\$ 12,816,196</b>	<b>\$ 4,963,280</b>	<b>\$ 5,427</b>	<b>\$ 17,784,903</b>
<b>Financial instruments with off-balance sheet risk:<sup>(2)</sup></b>					
Commitments to extend credit	\$ 23,937	\$ —	\$ 23,937	\$ —	\$ 23,937
Standby letters of credit	(35)	—	(35)	—	(35)
<b>Total financial instruments with off-balance sheet risk</b>	<b>\$ 23,902</b>	<b>\$ —</b>	<b>\$ 23,902</b>	<b>\$ —</b>	<b>\$ 23,902</b>

(1) Expected credit losses are included in the estimated fair values.

(2) Positive amounts represent assets, negative amounts represent liabilities.

**Note 20. Earnings Per Common Share**

The computations of basic and diluted earnings per common share were as follows:

(Dollars in thousands, except per-share data)	Year Ended December 31,		
	2016	2015	2014
<b>Basic Earnings Per Common Share:</b>			
Net income available to common stockholders	\$ 192,736	\$ 177,735	\$ 154,799
Earnings allocated to participating securities	49	45	40
Earnings allocated to common stock	\$ 192,687	\$ 177,690	\$ 154,759
Weighted-average common shares outstanding for basic earnings per common share	167,219,964	165,696,678	163,581,435
Basic earnings per common share	\$ 1.15	\$ 1.07	\$ 0.95
<b>Diluted Earnings Per Common Share:</b>			
Earnings allocated to common stock	\$ 192,687	\$ 177,690	\$ 154,759
Weighted-average common shares outstanding used in basic earnings per common share calculation	167,219,964	165,696,678	163,581,435
Net dilutive effect of:			
Non-participating restricted stock	505,162	335,193	250,499
Stock options	82,325	210,049	252,892
Weighted-average common shares outstanding for diluted earnings per common share	167,807,451	166,241,920	164,084,826
Diluted earnings per common share	\$ 1.15	\$ 1.07	\$ 0.94

For 2016, 2015 and 2014, there were 4.7 million, 4.5 million and 4.2 million, respectively, of outstanding shares related to non-participating restricted stock and warrants that were not included in the computation of diluted earnings per share because they were

anti-dilutive.

**Note 21. Other Expense**

Other expense was as follows:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Loan and lease processing	\$ 26,193	\$ 24,641	\$ 20,294
Advertising and marketing	22,264	22,782	22,943
Professional fees	19,335	19,615	18,949
FDIC insurance	15,912	20,262	25,123
Card processing and issuance cost	15,856	16,591	16,588
Outside processing	15,313	14,332	13,288
Other	116,547	111,032	110,785
Total other expense	\$ 231,420	\$ 229,255	\$ 227,970

**Note 22. Business Segments**

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. Consumer Banking is comprised of all of the Company's consumer-facing businesses and includes retail banking, consumer real estate and auto finance. Wholesale Banking is comprised of commercial real estate and business lending, leasing and equipment finance and inventory finance. Enterprise Services is comprised of (i) corporate treasury, which includes TCF'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.

TCF evaluates performance and allocates resources based on each reportable segment's net income or loss. The reportable business segments follow GAAP as described in Note 1, Basis of Presentation, except for the accounting for intercompany interest income and interest expense, which are eliminated in consolidation, and presenting net interest income on a fully tax-equivalent basis. TCF generally accounts for inter-segment sales and transfers at cost.

Certain information for each of TCF's reportable segments, including reconciliations of TCF's consolidated totals, was as follows:

(In thousands)	Consumer Banking		Wholesale Banking		Enterprise Services		Consolidated	
<b>At or For the Year Ended December 31, 2016:</b>								
Net interest income	\$	559,851	\$	343,653	\$	(55,398)	\$	848,106
Provision for credit losses		50,819		15,055		—		65,874
Non-interest income		336,991		128,881		28		465,900
Non-interest expense		652,460		247,115		10,312		909,887
Income tax expense (benefit)		69,523		70,805		(23,800)		116,528
Income (loss) after income tax expense (benefit)		124,040		139,559		(41,882)		221,717
Income attributable to non-controlling interest		—		9,593		—		9,593
Preferred stock dividends		—		—		19,388		19,388
Net income (loss) available to common stockholders	\$	124,040	\$	129,966	\$	(61,270)	\$	192,736
Total assets	\$	8,671,126	\$	10,379,951	\$	2,390,249	\$	21,441,326
Revenues from external customers:								
Interest income	\$	443,959	\$	452,882	\$	33,889	\$	930,730
Non-interest income		336,991		128,881		28		465,900
Total	\$	780,950	\$	581,763	\$	33,917	\$	1,396,630
<b>At or For the Year Ended December 31, 2015:</b>								
Net interest income	\$	536,714	\$	339,934	\$	(56,260)	\$	820,388
Provision for credit losses		44,328		8,616		—		52,944
Non-interest income		320,399		119,779		1,820		441,998
Non-interest expense		645,939		244,921		3,887		894,747
Income tax expense (benefit)		61,384		70,127		(22,639)		108,872
Income (loss) after income tax expense (benefit)		105,462		136,049		(35,688)		205,823
Income attributable to non-controlling interest		—		8,700		—		8,700
Preferred stock dividends		—		—		19,388		19,388
Net income (loss) available to common stockholders	\$	105,462	\$	127,349	\$	(55,076)	\$	177,735
Total assets	\$	8,954,807	\$	9,558,406	\$	2,176,396	\$	20,689,609
Revenues from external customers:								
Interest income	\$	434,674	\$	431,764	\$	25,492	\$	891,930
Non-interest income		320,399		119,779		1,820		441,998
Total	\$	755,073	\$	551,543	\$	27,312	\$	1,333,928
<b>At or For the Year Ended December 31, 2014:</b>								
Net interest income	\$	511,663	\$	326,291	\$	(22,325)	\$	815,629
Provision for credit losses		89,895		5,842		—		95,737
Non-interest income		326,048		105,624		1,595		433,267
Non-interest expense		619,526		237,221		15,030		871,777
Income tax expense (benefit)		47,906		66,475		(14,615)		99,766
Income (loss) after income tax expense (benefit)		80,384		122,377		(21,145)		181,616
Income attributable to non-controlling interest		—		7,429		—		7,429
Preferred stock dividends		—		—		19,388		19,388
Net income (loss) available to common stockholders	\$	80,384	\$	114,948	\$	(40,533)	\$	154,799
Total assets	\$	8,443,343	\$	8,969,814	\$	1,980,499	\$	19,393,656
Revenues from external customers:								
Interest income	\$	433,954	\$	418,064	\$	22,211	\$	874,229
Non-interest income		326,048		105,624		1,595		433,267
Total	\$	760,002	\$	523,688	\$	23,806	\$	1,307,496



## Note 23. Parent Company Financial Information

TCF Financial's (parent company only) condensed statements of financial condition, income and cash flows were as follows:

### Condensed Statements of Financial Condition

(In thousands)	At December 31,	
	2016	2015
<b>Assets:</b>		
Cash and due from bank	\$ 69,711	\$ 69,503
Investment in bank subsidiary	2,338,885	2,205,818
Accounts receivable from bank subsidiary	19,967	16,217
Other assets	9,476	9,216
<b>Total assets</b>	<b>\$ 2,438,039</b>	<b>\$ 2,300,754</b>
<b>Liabilities and Equity:</b>		
Other liabilities	\$ 10,556	\$ 9,838
<b>Total liabilities</b>	<b>10,556</b>	<b>9,838</b>
Equity	2,427,483	2,290,916
<b>Total liabilities and equity</b>	<b>\$ 2,438,039</b>	<b>\$ 2,300,754</b>

### Condensed Statements of Income

(In thousands)	Year Ended December 31,		
	2016	2015	2014
<b>Interest income</b>	\$ 155	\$ 306	\$ 365
<b>Non-interest income:</b>			
Dividends from TCF Bank	63,000	25,000	19,000
Affiliate service fees	17,657	17,281	22,461
Other	5	1,733	1,178
<b>Total non-interest income</b>	<b>80,662</b>	<b>44,014</b>	<b>42,639</b>
<b>Non-interest expense:</b>			
Compensation and employee benefits	17,578	13,905	21,193
Occupancy and equipment	370	342	338
Other	3,545	5,344	3,436
<b>Total non-interest expense</b>	<b>21,493</b>	<b>19,591</b>	<b>24,967</b>
Income before income tax benefit and equity in undistributed earnings of subsidiary	59,324	24,729	18,037
Income tax benefit	1,010	435	52
Income before equity in undistributed earnings of subsidiary	60,334	25,164	18,089
Equity in undistributed earnings of bank subsidiary	151,790	171,959	156,098
<b>Net income</b>	<b>212,124</b>	<b>197,123</b>	<b>174,187</b>
Preferred stock dividends	19,388	19,388	19,388
<b>Net income available to common stockholders</b>	<b>\$ 192,736</b>	<b>\$ 177,735</b>	<b>\$ 154,799</b>

## Condensed Statements of Cash Flows

(In thousands)	Year Ended December 31,		
	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Net income	\$ 212,124	\$ 197,123	\$ 174,187
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in undistributed earnings of bank subsidiary	(151,790)	(171,959)	(156,098)
Gains on sales of assets, net	—	(50)	(1,177)
Other, net	4,731	1,308	16,430
Net cash provided by (used in) operating activities	65,065	26,422	33,342
<b>Cash flows from investing activities:</b>			
Proceeds from sales of securities available for sale	—	—	2,813
Purchases of premises and equipment	(69)	(65)	(260)
Proceeds from sales of premises and equipment	22	92	91
Net cash provided by (used in) investing activities	(47)	27	2,644
<b>Cash flows from financing activities:</b>			
Dividends paid on preferred stock	(19,388)	(19,388)	(19,388)
Dividends paid on common stock	(50,182)	(37,302)	(32,731)
Common shares sold to TCF employee benefit plans	5,838	24,835	23,083
Stock compensation tax (expense) benefit	(377)	558	1,316
Exercise of stock options	(701)	2,570	740
Net cash provided by (used in) financing activities	(64,810)	(28,727)	(26,980)
Net change in cash and due from bank	208	(2,278)	9,006
Cash and due from bank at beginning of period	69,503	71,781	62,775
Cash and due from bank at end of period	\$ 69,711	\$ 69,503	\$ 71,781

TCF Financial's operations are conducted through its banking subsidiary, TCF Bank. As a result, TCF's cash flow and ability to make dividend payments to its preferred and common stockholders depend on the earnings of TCF Bank. The ability of TCF Bank to pay dividends or make other payments to TCF Financial is limited by its obligation to maintain sufficient capital and by other regulatory restrictions on dividends. At December 31, 2016, TCF Bank could pay a total of approximately \$479.8 million in dividends to TCF without prior regulatory approval.

### Note 24. Litigation Contingencies

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 Securities and Exchange Commission, the Federal Reserve, the OCC and the Consumer Financial Protection Bureau ("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. TCF has not accrued any amounts with respect to this matter because (i) TCF does not believe a loss is probable, (ii) believes the Company has meritorious defenses to the claims made and (iii) the damages sought are unspecified and uncertain. Therefore, TCF is currently unable to reasonably estimate a range of potential loss, if any, relating to this matter. There is no assurance that the ultimate resolution of this lawsuit will not have a material adverse effect on the consolidated financial position, operating results or cash flows of TCF.

**Note 25. Accumulated Other Comprehensive Income (Loss)**

The components of other comprehensive income (loss) and the related tax effects were as follows:

(In thousands)	Before Tax	Tax Effect	Net of Tax
<b>Year Ended December 31, 2016:</b>			
Net unrealized gains (losses) on securities available for sale and interest-only strips:			
Unrealized gains (losses) arising during the period	\$ (32,408)	\$ 12,323	\$ (20,085)
Reclassification of net (gains) losses to net income	1,913	(722)	1,191
Net unrealized gains (losses)	(30,495)	11,601	(18,894)
Net unrealized gains (losses) on net investment hedges	(1,213)	457	(756)
Foreign currency translation adjustment <sup>(1)</sup>	1,300	—	1,300
Recognized postretirement prior service cost:			
Reclassification of net (gains) losses to net income	(46)	17	(29)
Total other comprehensive income (loss)	\$ (30,454)	\$ 12,075	\$ (18,379)
<b>Year Ended December 31, 2015:</b>			
Net unrealized gains (losses) on securities available for sale and interest-only strips:			
Unrealized gains (losses) arising during the period	\$ (2,523)	\$ 955	\$ (1,568)
Reclassification of net (gains) losses to net income	1,159	(407)	752
Net unrealized gains (losses)	(1,364)	548	(816)
Net unrealized gains (losses) on net investment hedges	7,613	(2,900)	4,713
Foreign currency translation adjustment <sup>(1)</sup>	(8,304)	—	(8,304)
Recognized postretirement prior service cost:			
Reclassification of net (gains) losses to net income	(46)	17	(29)
Total other comprehensive income (loss)	\$ (2,101)	\$ (2,335)	\$ (4,436)
<b>Year Ended December 31, 2014:</b>			
Net unrealized gains (losses) on securities available for sale and interest-only strips:			
Unrealized gains (losses) arising during the period	\$ 29,071	\$ (10,932)	\$ 18,139
Reclassification of net (gains) losses to net income	(76)	29	(47)
Net unrealized gains (losses)	28,995	(10,903)	18,092
Net unrealized gains (losses) on net investment hedges	3,126	(1,181)	1,945
Foreign currency translation adjustment <sup>(1)</sup>	(3,704)	—	(3,704)
Recognized postretirement prior service cost:			
Reclassification of net (gains) losses to net income	(47)	17	(30)
Total other comprehensive income (loss)	\$ 28,370	\$ (12,067)	\$ 16,303

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



Reclassifications of net (gains) losses to net income for securities available for sale and interest-only strips were recorded in the Consolidated Statements of Income in gains (losses) on securities, net for sales of securities, in interest income for those securities that were previously transferred to held to maturity and in other non-interest expense for interest-only strips. During 2014, TCF transferred \$191.7 million of available for sale mortgage-backed securities to held to maturity. At December 31, 2016 and 2015, the unrealized holding loss on the transferred securities retained in accumulated other comprehensive income (loss) totaled \$13.0 million and \$14.8 million, respectively. These amounts are amortized over the remaining lives of the transferred securities. The tax effect of these reclassifications was recorded in income tax expense in the Consolidated Statements of Income. See Note 16, Employee Benefit Plans, for additional information regarding TCF's recognized postretirement prior service cost.

The components of accumulated other comprehensive income (loss) were as follows:

(In thousands)	Securities Available for Sale and Interest-only Strips	Net Investment Hedges	Foreign Currency Translation	Recognized Postretirement Prior Service Cost	Total
<b>At or For the Year Ended December 31, 2016:</b>					
Balance, beginning of period	\$ (9,707)	\$ 7,249	\$ (13,064)	\$ 176	\$ (15,346)
Other comprehensive income (loss)	(20,085)	(756)	1,300	—	(19,541)
Amounts reclassified from accumulated other comprehensive income (loss)	1,191	—	—	(29)	1,162
Net other comprehensive income (loss)	(18,894)	(756)	1,300	(29)	(18,379)
Balance, end of period	\$ (28,601)	\$ 6,493	\$ (11,764)	\$ 147	\$ (33,725)
<b>At or For the Year Ended December 31, 2015:</b>					
Balance, beginning of period	\$ (8,891)	\$ 2,536	\$ (4,760)	\$ 205	\$ (10,910)
Other comprehensive income (loss)	(1,568)	4,713	(8,304)	—	(5,159)
Amounts reclassified from accumulated other comprehensive income (loss)	752	—	—	(29)	723
Net other comprehensive income (loss)	(816)	4,713	(8,304)	(29)	(4,436)
Balance, end of period	\$ (9,707)	\$ 7,249	\$ (13,064)	\$ 176	\$ (15,346)
<b>At or For the Year Ended December 31, 2014:</b>					
Balance, beginning of period	\$ (26,983)	\$ 591	\$ (1,056)	\$ 235	\$ (27,213)
Other comprehensive income (loss)	18,139	1,945	(3,704)	—	16,380
Amounts reclassified from accumulated other comprehensive income (loss)	(47)	—	—	(30)	(77)
Net other comprehensive income (loss)	18,092	1,945	(3,704)	(30)	16,303
Balance, end of period	\$ (8,891)	\$ 2,536	\$ (4,760)	\$ 205	\$ (10,910)

## Other Financial Data

The selected quarterly financial data presented below should be read in conjunction with the Consolidated Financial Statements and related notes.

### SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

(In thousands, except per-share data)	Three Months Ended							
	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
Net interest income	\$ 211,446	\$ 212,018	\$ 212,984	\$ 211,658	\$ 205,669	\$ 205,270	\$ 206,029	\$ 203,420
Provision for credit losses	19,888	13,894	13,250	18,842	17,607	10,018	12,528	12,791
Net interest income after provision for credit losses	191,558	198,124	199,734	192,816	188,062	195,252	193,501	190,629
Non-interest income	115,668	119,674	117,956	112,602	115,659	112,252	113,449	100,638
Non-interest expense	225,359	228,878	227,316	228,334	222,587	222,284	223,109	226,767
Income before income tax expense	81,867	88,920	90,374	77,084	81,134	85,220	83,841	64,500
Income tax expense	29,762	30,257	29,706	26,803	26,614	30,528	28,902	22,828
Income after income tax expense	52,105	58,663	60,668	50,281	54,520	54,692	54,939	41,672
Income attributable to non-controlling interest	2,013	2,371	2,974	2,235	2,028	2,117	2,684	1,871
Net income attributable to TCF Financial Corporation	50,092	56,292	57,694	48,046	52,492	52,575	52,255	39,801
Preferred stock dividends	4,847	4,847	4,847	4,847	4,847	4,847	4,847	4,847
Net income available to common stockholders	\$ 45,245	\$ 51,445	\$ 52,847	\$ 43,199	\$ 47,645	\$ 47,728	\$ 47,408	\$ 34,954
Earnings per common share:								
Basic	\$ 0.27	\$ 0.31	\$ 0.32	\$ 0.26	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.21
Diluted	\$ 0.27	\$ 0.31	\$ 0.31	\$ 0.26	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.21

## **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

## **Item 9A. Controls and Procedures**

**Disclosure Controls and Procedures** The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial Officer) and Chief Accounting Officer (Principal Accounting Officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, management concluded that the Company's disclosure controls and procedures were effective as of December 31, 2016.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by TCF in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial Officer) and Chief Accounting Officer (Principal Accounting Officer), as appropriate, to allow for timely decisions regarding required disclosure. TCF's disclosure controls also include internal controls that are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and that transactions are properly recorded and reported.

**Changes in Internal Control Over Financial Reporting** There were no changes to TCF's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended December 31, 2016, that materially affected, or are reasonably likely to materially affect, TCF's internal control over financial reporting.

## **Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting for TCF Financial Corporation (the Company). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are only being made in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management, with the participation of the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), completed an assessment of TCF's internal control over financial reporting as of December 31, 2016. This assessment was based on criteria for evaluating internal control over financial reporting established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in May 2013. Based on this assessment, management concluded that TCF's internal control over financial reporting was effective as of December 31, 2016.

KPMG LLP, the Company's independent registered public accounting firm that audited the consolidated financial statements included in this annual report, has issued an unqualified attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2016.

Any control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system inherently has limitations and the benefits of controls must be weighed against their costs. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. Therefore, no assessment of a cost-effective system of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, will be detected.

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
TCF Financial Corporation:

We have audited TCF Financial Corporation's (the Company) internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TCF Financial Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, TCF Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of TCF Financial Corporation and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and our report dated February 21, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Minneapolis, Minnesota  
February 21, 2017

## **Item 9B. Other Information**

None.

## **Part III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information regarding directors and executive officers of TCF is set forth in the following sections of TCF's definitive Proxy Statement for the 2017 Annual Meeting of Stockholders to be held on April 26, 2017 (the "2017 Proxy") and is incorporated herein by reference: Election of Directors; Background of Executive Officers Who Are Not Directors; and Section 16(a) Beneficial Ownership Reporting Compliance.

Information regarding procedures for nominations of Directors is set forth in the following sections of TCF's 2017 Proxy and is incorporated herein by reference: Corporate Governance - Director Nominations; and Additional Information.

#### *Audit Committee and Financial Expert*

Information regarding TCF's Audit Committee, its members and financial experts is set forth in the following sections of TCF's 2017 Proxy and is incorporated herein by reference: Election of Directors - Background of the Nominees; Corporate Governance - Board Committees, Committee Memberships, and Meetings in 2016; and Corporate Governance - Audit Committee.

TCF's Board of Directors is required to determine whether it has at least one Audit Committee Financial Expert and that the expert is independent. An Audit Committee Financial Expert is a committee member who has an understanding of generally accepted accounting principles and financial statements and has the ability to assess the general application of these principles in connection with the accounting for estimates, accruals and reserves. Additionally, this individual should have experience preparing, auditing, analyzing or evaluating financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by TCF's financial statements, or experience actively supervising one or more persons engaged in such activities. The member should also have an understanding of internal control over financial reporting as well as an understanding of audit committee functions.

The Board has determined that all members of the Audit Committee, including Karen L. Grandstrand, George G. Johnson, Richard H. King, Vance K. Opperman, Roger J. Sit, Julie H. Sullivan and Richard A. Zona, are independent and that Directors Johnson, Opperman, Sit, Sullivan and Zona each meet the requirements of audit committee financial experts. Additional information regarding Ms. Grandstrand, Mr. Johnson, Mr. King, Mr. Opperman, Mr. Sit, Ms. Sullivan and Mr. Zona and the other directors is set forth in the section Election of Directors - Background of the Nominees in TCF's 2017 Proxy and is incorporated herein by reference.

#### *Code of Ethics for Senior Financial Management*

TCF has adopted a code of ethics applicable to the Principal Executive Officer ("PEO"), Principal Financial Officer ("PFO") and Principal Accounting Officer ("PAO") (the "Senior Financial Management Code of Ethics") as well as a code of ethics generally applicable to all employees (including the PEO, PFO and PAO) and directors of TCF (the "Code of Ethics"). The Code of Ethics and Senior Financial Management Code of Ethics are both available for review at TCF's website at [www.tcfbank.com](http://www.tcfbank.com) by clicking on "About TCF" and then "Learn More" under the heading "Corporate Governance" and then either "Code of Ethics Policy" or "Code of Ethics for Senior Financial Management". Any changes to either code will be posted on the website and any waivers granted to or violations by the PEO, PFO, PAO or any director of TCF will also be posted on TCF's website. To date, there have been no waivers granted to or violations by the PEO, PFO, PAO or any director of TCF.

**Item 11. Executive Compensation**

Information regarding compensation of directors and executive officers of TCF is set forth in the following sections of TCF's 2017 Proxy and is incorporated herein by reference: Corporate Governance - Compensation, Nominating, and Corporate Governance Committee - Compensation Committee Interlocks and Insider Participation; Director Compensation; Compensation Discussion and Analysis; Compensation Committee Report; and Executive Compensation.

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

Information regarding ownership of TCF's common stock by TCF's directors, executive officers and certain other stockholders and shares authorized under equity compensation plans is set forth in the following sections of TCF's 2017 Proxy and is incorporated herein by reference: Equity Compensation Plans Approved by Stockholders; and Ownership of TCF Stock.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information regarding director independence and certain relationships and transactions between TCF and certain related persons is set forth in the section entitled Corporate Governance - Director Independence and Related Person Transactions of TCF's 2017 Proxy and is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

Information regarding principal accountant fees and services and the Audit Committee's pre-approval policies and procedures relating to audit and non-audit services provided by the Company's independent registered public accounting firm is set forth in the section entitled Independent Registered Public Accountants in TCF's 2017 Proxy and is incorporated herein by reference.

## Part IV

### Item 15. Exhibits and Financial Statement Schedules

(a) *Financial Statements, Financial Statement Schedules and Exhibits*

#### 1. Financial Statements

The following consolidated financial statements of TCF and its subsidiaries are filed as part of this report:

<b>Description</b>	<b>Page</b>
<a href="#">Selected Financial Data</a>	<a href="#">20</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">54</a>
<a href="#">Consolidated Statements of Financial Condition at December 31, 2016 and 2015</a>	<a href="#">55</a>
<a href="#">Consolidated Statements of Income for each of the years in the three-year period ended December 31, 2016</a>	<a href="#">56</a>
<a href="#">Consolidated Statements of Comprehensive Income for each of the years in the three-year period ended December 31, 2016</a>	<a href="#">57</a>
<a href="#">Consolidated Statements of Equity for each of the years in the three-year period ended December 31, 2016</a>	<a href="#">58</a>
<a href="#">Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2016</a>	<a href="#">59</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">60</a>
<a href="#">Other Financial Data</a>	<a href="#">108</a>
<a href="#">Management's Report on Internal Control Over Financial Reporting</a>	<a href="#">110</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">111</a>

#### 2. Financial Statement Schedules

All schedules to the Consolidated Financial Statements normally required by the applicable accounting regulations are included in the Consolidated Financial Statements or the Notes thereto.

#### 3. Exhibits

<a href="#">Index to Exhibits</a>	<a href="#">117</a>
-----------------------------------	---------------------



**SIGNATURES**

Pursuant to the requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TCF FINANCIAL CORPORATION

/s/ Craig R. Dahl

---

Craig R. Dahl,  
Vice Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

Dated: February 21, 2017

[Table of Contents](#)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Name</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Craig R. Dahl</u>		February 21, 2017
Craig R. Dahl	Director, Vice Chairman, President and Chief Executive Officer (Principal Executive Officer)	
<u>/s/ Brian W. Maass</u>		February 21, 2017
Brian W. Maass	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	
<u>/s/ Susan D. Bode</u>		February 21, 2017
Susan D. Bode	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	
<u>/s/ Peter Bell</u>		February 21, 2017
Peter Bell	Director	
<u>/s/ William F. Bieber</u>		February 21, 2017
William F. Bieber	Director	
<u>/s/ Theodore J. Bigos</u>		February 21, 2017
Theodore J. Bigos	Director	
<u>/s/ Karen L. Grandstrand</u>		February 21, 2017
Karen L. Grandstrand	Director	
<u>/s/ Thomas F. Jasper</u>		February 21, 2017
Thomas F. Jasper	Director, Vice Chairman and Chief Operating Officer	
<u>/s/ George G. Johnson</u>		February 21, 2017
George G. Johnson	Director	
<u>/s/ Richard H. King</u>		February 21, 2017
Richard H. King	Director	
<u>/s/ Vance K. Opperman</u>		February 21, 2017
Vance K. Opperman	Lead Director	
<u>/s/ James M. Ramstad</u>		February 21, 2017
James M. Ramstad	Director	
<u>/s/ Roger J. Sit</u>		February 21, 2017
Roger J. Sit	Director	
<u>/s/ Julie H. Sullivan</u>		February 21, 2017
Julie H. Sullivan	Director	
<u>/s/ Barry N. Winslow</u>		February 21, 2017
Barry N. Winslow	Director	
<u>/s/ Richard A. Zona</u>		February 21, 2017
Richard A. Zona	Director	

**INDEX TO EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
3(a)	Amended and Restated Certificate of Incorporation of TCF Financial Corporation [incorporated by reference to Exhibit 3.1 to TCF Financial Corporation's Current Report on Form 8-K filed April 28, 2015 (No. 15798862)]
3(b)	Amended and Restated Bylaws of TCF Financial Corporation [incorporated by reference to Exhibit 3.1 to TCF Financial Corporation's Current Report on Form 8-K filed July 26, 2016 (No. 161784576)]
4(a)	Warrant Agreement dated December 15, 2009 by and among TCF Financial Corporation, Computershare, Inc. and Computershare Trust Company, N.A. [incorporated by reference to Exhibit 4.1 to TCF Financial Corporation's Form 8-A filed December 16, 2009 (No. 091243195)]
4(b)	Specimen Warrant to Purchase Shares of Common Stock of TCF Financial Corporation [incorporated by reference to Exhibit 4.2 to TCF Financial Corporation's Form 8-A filed December 16, 2009 (No. 0912431945)]
4(c)	Specimen Common Stock Certificate of TCF Financial Corporation [incorporated by reference to Exhibit 4.3 to TCF Financial Corporation's Registration Statement on Form S-3ASR filed May 29, 2012 (No. 12874917)]
4(d)	Form of Certificate for Series A Non-Cumulative Perpetual Preferred Stock [incorporated by reference to Exhibit 4.1 to TCF Financial Corporation's Current Report on Form 8-K filed June 22, 2012 (No. 12922780)]
4(e)	Deposit Agreement dated June 25, 2012 by and among TCF Financial Corporation, Computershare Trust Company, N.A. and Computershare Inc. and the holders from time to time of the Depositary Receipts described therein [incorporated by reference to Exhibit 4.1 to TCF Financial Corporation's Current Report on Form 8-K filed June 25, 2012 (No. 12923856)]
4(f)	Form of Depositary Receipt (included as part of Exhibit 4(e)) [incorporated by reference to Exhibit 4.1 to TCF Financial Corporation's Current Report on Form 8-K filed June 25, 2012 (No. 12923856)]
4(g)	Form of Certificate for 6.45% Series B Non-Cumulative Perpetual Preferred Stock [incorporated by reference to Exhibit 4.1 to TCF Financial Corporation's Current Report on Form 8-K filed December 18, 2012 (No. 121271334)]
4(h)	Copies of instruments with respect to long-term debt will be furnished to the Securities and Exchange Commission upon request.
10(a)*#	TCF Financial 2015 Omnibus Incentive Plan, as amended effective December 29, 2016
10(a)-1#	Form of Restricted Stock Award Agreement under the TCF Financial 2015 Omnibus Incentive Plan
10(a)-2*	Form of Performance-Based Restricted Stock Award Agreement under the TCF Financial 2015 Omnibus Incentive Plan [incorporated by reference to Exhibit 10.3 to TCF Financial Corporation's Current Report on Form 8-K filed April 28, 2015 (No. 15798862)]
10(a)-3*	Form of Restricted Stock Unit Agreement under the TCF Financial 2015 Omnibus Incentive Plan [incorporated by reference to Exhibit 10.4 to TCF Financial Corporation's Current Report on Form 8-K filed April 28, 2015 (No. 15798862)]
10(a)-4*	Form of Performance-Based Restricted Stock Unit Agreement under the TCF Financial 2015 Omnibus Incentive Plan [incorporated by reference to Exhibit 10.5 to TCF Financial Corporation's Current Report on Form 8-K filed April 28, 2015 (No. 15798862)]
10(a)-5*	2015 Performance-Based Restricted Stock Unit Agreement under the TCF Financial 2015 Omnibus Incentive Plan entered into by certain executives [incorporated by reference to Exhibit 10.6 to TCF Financial Corporation's Current Report on Form 8-K filed April 28, 2015 (No. 15798862)]
10(a)-6*	Form of 2016 Management Incentive Plan - Executive, as executed by certain executives [incorporated by reference to Exhibit 10(a)-6 to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (No. 161465956)]
10(b)*	TCF Financial Incentive Stock Program, as amended and restated April 24, 2013 [incorporated by reference to Exhibit 10.1 to TCF Financial Corporation's Current Report on Form 8-K filed April 30, 2013 (No. 13797581)]
10(b)-1*	Form of Nonqualified Stock Option Award Agreement as executed by certain executives [incorporated by reference to Exhibit 10(b)-10 to TCF Financial Corporation's Current Report on Form 8-K filed January 25, 2008 (No. 08551203)]
10(b)-2*	Form of Deferred Restricted Stock Award Agreement as executed by certain executives [incorporated by reference to Exhibit 10(b)-16 to TCF Financial Corporation's Current Report on Form 8-K filed February 18, 2011 (No. 11625311)]
10(b)-3*	Form of Performance-Based Restricted Stock Award Agreement as executed by certain executives [incorporated by reference to Exhibit 10.3 to TCF Financial Corporation's Current Report on Form 8-K filed January 20, 2012 (No. 12537269)]
10(c)	TCF Performance-Based Compensation Policy for Covered Executive Officers, as approved effective January 1, 2013 [incorporated by reference to Exhibit 10.2 to TCF Financial Corporation's Current Report on Form 8-K filed April 30, 2013 (No. 13797581)]
10(d)*	Employment Agreement with Craig R. Dahl effective as of January 1, 2016 [incorporated by reference to Exhibit 10.1 to TCF Financial Corporation's Current Report on Form 8-K filed October 30, 2015 (No. 151184773)]
10(e)*	TCF Financial Corporation Supplemental Employee Retirement Plan - ESPP Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(j) to TCF Financial Corporation's Current Report on Form 8-K filed January 27, 2005 (No. 05552640)]
10(e)-1*#	TCF 401K Supplemental Plan, as amended effective October 18, 2016
10(f)*	Trust Agreement for TCF Employees Stock Purchase Plan Supplemental Executive Retirement Plan ("SERP") effective January 1, 2009 and dated November 20, 2008 [incorporated by reference to Exhibit 10(k) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (No. 09618185)]
10(g)*	TCF Financial Corporation Executive Deferred Compensation Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(c) to TCF Financial Corporation's Current Report on Form 8-K filed January 27, 2005 (No. 05552640)]
10(h)*	Restated Trust Agreement as executed with First National Bank in Sioux Falls as trustee effective as of October 1, 2000 [incorporated by reference to Exhibit 10(d) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (No. 1584625)]; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(d) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (No. 1706058)]; and as amended by amendments adopted May 3, 2002 [incorporated by reference to Exhibit 10(d) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002]

(No. 02730799)]; and as amended by Third Amendment of Trust Agreement for TCF Executive Deferred Compensation Plan effective as of June 30, 2003 [incorporated by reference to Exhibit 10(d) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (No. 03830138)]

10(i)*	TCF Financial Corporation Senior Officer Deferred Compensation Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(l) to TCF Financial Corporation's Current Report on Form 8-K filed January 27, 2005 (No. 05552640)]
10(j)*	Trust Agreement for TCF Financial Senior Officer Deferred Compensation Plan as executed with First National Bank in Sioux Falls as trustee effective as of October 1, 2000 [incorporated by reference to Exhibit 10(m) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (No. 1584625)]; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(m) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (No. 1706058)]; and as amended by Second Amendment of Trust Agreement for TCF Financial Senior Officers Deferred Compensation Plan effective as of June 30, 2003 [incorporated by reference to Exhibit 10(m) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (No. 03830138)]
10(k)*	Directors Stock Grant Program, as amended and restated April 25, 2012 [incorporated by reference to Exhibit 10(j) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (No. 12986667)]
10(k)-1*	Form of Director's Restricted Stock Agreement dated January 24, 2012 [incorporated by reference to Exhibit 10(j)-1 to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (No. 12986667)]
10(k)-2*	Form of Deferred Director's Restricted Stock Agreement dated January 24, 2012 [incorporated by reference to Exhibit 10(j)-2 to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (No. 12986667)]
10(l)*	TCF Financial Corporation TCF Directors Deferred Compensation Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(r) to TCF Financial Corporation's Current Report on Form 8-K filed January 27, 2005 (No. 05552640)]
10(l)-1*	TCF Financial Corporation TCF Directors 2005 Deferred Compensation Plan, adopted effective as of January 6, 2005, as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(r)-1 to TCF Financial Corporation's Current Report on Form 8-K filed January 27, 2005 (No. 05552640)]; and as amended by Amendment of Directors 2005 Deferred Compensation Plan effective July 19, 2010 [incorporated by reference to Exhibit 10(r)-1 to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (No. 101147679)]
10(m)*	Trust Agreement for TCF Directors Deferred Compensation Plan [incorporated by reference to Exhibit 10(d) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (No. 1584625)]; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(s) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (No. 1706058)]; as amended by amendment adopted October 10, 2001 [incorporated by reference to Exhibit 10(s) to TCF Financial Corporation's Annual Report on Form 10-K for the year ended December 31, 2001 (No. 02568362)]; and as amended by amendments adopted May 3, 2002 [incorporated by reference to Exhibit 10(s) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (No. 02730799)]; and as amended by Third Amendment of TCF Directors Deferred Compensation Trust effective as of June 30, 2003 [incorporated by reference to Exhibit 10(s) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (No. 03830138)]
10(n)*	Summary of Non-Employee Director Compensation [incorporated by reference to Exhibit 10(n) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (No. 161465956)]
10(o)*	TCF Employees Deferred Stock Compensation Plan, effective January 1, 2011 [incorporated by reference to Exhibit 10(u) to TCF Financial Corporation's Current Report on Form 8-K filed February 18, 2011 (No. 11625311)]
10(p)*	Form of Rabbi Trust Agreement for the TCF Employees Deferred Stock Compensation Plan [incorporated by reference to Exhibit 10(v) to TCF Financial Corporation's Current Report on Form 8-K filed February 18, 2011 (No. 11625311)]
12(a)#	Consolidated Ratios of Earnings to Fixed Charges for years ended December 31, 2016, 2015, 2014, 2013 and 2012
12(b)#	Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock Dividends for years ended December 31, 2016, 2015, 2014, 2013 and 2012
21#	Subsidiaries of TCF Financial Corporation (as of December 31, 2016)
23#	Consent of KPMG LLP dated February 21, 2017
31.1#	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2#	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1#	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2#	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101#	Financial statements from the Annual Report on Form 10-K of the Company for the year ended December 31, 2016, formatted in XBRL: (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements

\*Executive Contract  
# Filed herein

## Section 2: EX-10.(A) (EXHIBIT 10.(A))

**TCF FINANCIAL 2015 OMNIBUS INCENTIVE PLAN**  
**(As Amended Effective December 29, 2016)**

1. Purpose; Eligibility.

1.1 General Purpose. The name of this plan is the TCF Financial 2015 Omnibus Incentive Plan (the "Plan"). The purposes of the Plan are to (a) enable TCF Financial Corporation, a Delaware Corporation (the "Company"), and any Affiliate to attract and retain the types of Employees who will contribute to the Company's long range success; (b) provide incentives that align the interests of Employees with those of the stockholders of the Company; and (c) promote the success of the Company's business. This Plan is intended to serve as the Company's primary vehicle for equity compensation awards and long-term cash incentive awards for Employees, as well as annual cash incentive awards for the Company's Officers. Following the date that this Plan is approved by the Company's stockholders, no further equity compensation awards shall be granted pursuant to any Predecessor Plan (it being understood that outstanding awards under such plans will continue to be settled pursuant to the terms of such plans).

1.2 Eligible Award Recipients. The persons eligible to receive Awards are the Employees of the Company and its Affiliates and such other individuals designated by the Committee who are reasonably expected to become Employees after the receipt of Awards.

1.3 Available Awards. Awards that may be granted under the Plan include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards (including Performance-Based Restricted Awards), (e) Other Stock-Based Awards (including an Other Stock-Based Performance Award), (f) Performance Cash Awards, and (g) any Qualified Performance-Based Award.

2. Definitions.

**"Affiliate"** means a corporation or other entity that, directly or through one or more intermediaries, controls, is controlled by or is under common control with, the Company.

**"Applicable Laws"** means the requirements related to or implicated by the administration of the Plan under applicable state corporate law, United States federal and state securities laws, the Code, any stock exchange or quotation system on which the shares of Common Stock are listed or quoted, and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan.

**"Award"** means any right granted under the Plan, including an Incentive Stock Option, a Non-qualified Stock Option, a Stock Appreciation Right, a Restricted Award (including a Performance-Based Restricted Award), an Other Stock-Based Award (including an Other Stock-Based Performance Award), a Performance Cash Award or any Qualified Performance-Based Award.

**"Award Agreement"** means a written agreement, contract, certificate or other instrument or document evidencing the terms and conditions of an individual Award granted under the Plan which may, in the discretion of the Company, be transmitted electronically to any Participant. Each Award Agreement shall be subject to the terms and conditions of the Plan.

**"Beneficial Owner"** has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

**"Board"** means the Board of Directors of the Company, as constituted at any time.

**"Cause"** means: The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause.

With respect to any Employee:

(a) If the Employee is a party to an employment or service agreement with the Company or its Affiliates and such agreement provides for a definition of Cause, the definition contained therein; or

(b) If no such agreement exists, or if such agreement does not define Cause: (i) the commission of, or plea of guilty or no contest to, a felony or a crime involving moral turpitude or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (ii) conduct that results in or is reasonably likely to result in harm to the reputation or business of the Company or any of its Affiliates; (iii) gross negligence or willful misconduct with respect to the Company or an Affiliate; or (iv) material violation of state or federal securities laws.

**“Change in Control”**

(a) One Person (or more than one Person acting as a group) acquires ownership of stock of the Company that, together with the stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; provided, that, a Change in Control shall not occur if any Person (or more than one Person acting as a group) owns more than 50% of the total fair market value or total voting power of the Company’s stock and acquires additional stock;

(b) A change in the composition of the Board such that the individuals who are serving as members of the Board as of the Effective Date, together with any new member of the Board (other than a member of the Board whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least a majority of the members of the Board then still in office who either were members of the Board on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority of the number of the members of the Board then serving; or

(c) There is consummated a merger or consolidation of the Company or any subsidiary with any other corporation or other entity, other than (A) a merger or consolidation immediately following which (x) the voting securities of the Company outstanding immediately prior to such merger or consolidation continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation and (y) the individuals who comprise the Board immediately prior thereto constitute a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger is then a subsidiary, the ultimate parent thereof, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets (it being conclusively presumed that any sale or disposition is a sale or disposition by the Company of all or substantially all of its assets if the consummation of the sale or disposition is contingent upon approval by the Company’s stockholders unless the Board expressly determines in writing that such approval is required solely by reason of any relationship between the Company and any other Person or an Affiliate of the Company and any other Person), other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity (A) at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale or disposition and (B) the majority of whose board of directors immediately following such sale or disposition consists of individuals who comprise the Board immediately prior thereto.

“**Code**” means the Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder.

“**Committee**” means a committee of one or more members of the Board appointed by the Board to administer the Plan in accordance with Section 3.3 and Section 3.4.

“**Common Stock**” means the common stock, \$.01 par value per share, of the Company, or such other securities of the Company as may be designated by the Committee from time to time in substitution thereof.

“**Company**” means TCF Financial Corporation, a Delaware corporation, and any successor thereto.

“**Continuous Service**” means that the Participant’s service with the Company or an Affiliate is not interrupted or terminated. The Participant’s Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s Continuous Service; provided further that if any Award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an Employee of the Company to an employee of an Affiliate will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal or family leave of absence.

“**Covered Employee**” has the same meaning as set forth in Section 162(m)(3) of the Code, as interpreted by IRS Notice 2007-49.

“**Deferred Restricted Stock**” has the meaning set forth in Section 7.2(d) hereof.

“**Deferred Stock Units**” has the meaning set forth in Section 7.2(d) hereof.

“**Director**” means a member of the Board.

“**Disability**” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment; provided, however, for purposes of determining the term of an Incentive Stock Option pursuant to Section 6.8 hereof, the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. The determination of whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an Incentive Stock Option pursuant to Section 6.8 hereof within the meaning of Section 22(e)(3) of the Code, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates.

“**Disqualifying Disposition**” has the meaning set forth in Section 14.12.

“**Effective Date**” shall mean the date that this Plan is adopted by the stockholders.

“**Employee**” means any person, including an Officer, employed by the Company or an Affiliate; provided, that an Employee shall mean an employee of the Company or a parent or subsidiary corporation within the meaning of Section 424 of the Code and mere service as a Director or payment of a director’s fee by the Company or an Affiliate shall not be sufficient to constitute “employment” by the Company or an Affiliate.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.



**“Fair Market Value”** means, as of any date, the value of the Common Stock as determined below. If the Common Stock is listed on any established stock exchange or a national market system, including without limitation, the New York Stock Exchange or the NASDAQ Stock Market, the Fair Market Value shall be the closing price of a share of Common Stock (or if no sales were reported the closing price on the date immediately preceding such date) as quoted on such exchange or system on the day of determination, as reported in the Wall Street Journal or such other source as the Committee deems reliable. In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Committee and such determination shall be conclusive and binding on all persons.

**“Free Standing Rights”** has the meaning set forth in Section 7.1(a).

**“Good Reason”** means:

(a) If an Employee or Consultant is a party to an employment or service agreement with the Company or its Affiliates and such agreement provides for a definition of Good Reason, the definition contained therein; or

(b) If no such agreement exists or if such agreement does not define Good Reason, the occurrence of one or more of the following without the Participant’s express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant’s knowledge of the applicable circumstances): (i) any material, adverse change in the Participant’s duties, responsibilities, authority, title, status or reporting structure; (ii) a material reduction in the Participant’s base salary or bonus opportunity other than as part of a general reduction of salary or bonus opportunity for similarly situated Employees; or (iii) a geographical relocation of the Participant’s principal office location by more than fifty (50) miles.

**“Grant Date”** means the date on which the Committee adopts a resolution, or takes other appropriate action, expressly granting an Award to a Participant that specifies the key terms and conditions of the Award or, if a later date is set forth in such resolution, then such date as is set forth in such resolution.

**“Incentive Stock Option”** means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

**“Negative Discretion”** means the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance Cash Award in accordance with Section 7.5(d)(iv) of the Plan; provided, that, the exercise of such discretion would not cause the Performance Cash Award to fail to qualify as “performance-based compensation” under Section 162(m) of the Code.

**“Non-Employee Director”** means a Director who is a “non-employee director” within the meaning of Rule 16b-3.

**“Non-qualified Stock Option”** means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

**“Officer”** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

**“Option”** means an Incentive Stock Option or a Non-qualified Stock Option granted pursuant to the Plan.

**“Option Exercise Price”** means the price at which a share of Common Stock may be purchased upon the exercise of an Option.

**“Optionholder”** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

**“Other Stock-Based Performance Award”** has the meaning set forth in Section 7.3.

**“Outside Director”** means a Director who is an “outside director” within the meaning of Section 162(m) of the Code and Treasury Regulations Section 1.162-27(e)(3) or any successor to such statute and regulation.

**“Participant”** means an eligible person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

**“Performance-Based Award”** means any award granted subject to the achievement of Performance Goals, including any Performance Cash Award, Performance-Based Restricted Stock Award, Performance-Based Restricted Stock Units, Other Stock-Based Performance Awards and any Qualified Performance-Based Award.

**“Performance-Based Restricted Awards”** refers to any Performance-Based Restricted Stock or Performance-Based Restricted Stock Units.

**“Performance-Based Restricted Stock”** has the meaning set forth in Section 7.2(a).

**“Performance-Based Restricted Stock Units”** has the meaning set forth in Section 7.2(a).

**“Performance Cash Award”** means any Award designated by the Committee as a Performance Cash Award pursuant to Section 7.4 of the Plan.

**“Performance Criteria”** means the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance-Based Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (or Affiliate, division, business unit or operational unit of the Company) and shall be limited to the following: (a) net income (before or after taxes); (b) earnings or earnings growth (including one or more of net profit after tax, gross profit, operating profit, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA), and net earnings); (c) basic or diluted earnings per share (before or after taxes); (d) net revenue or net revenue growth; (e) gross revenue; (f) net operating profit (before or after taxes); (g) returns (including, but not limited to, returns on assets (net, gross, pre-tax, pre-provision or pro forma), capital, invested capital, equity, common equity, tangible common equity, sales, stockholders’ equity, or tangible stockholders’ equity); (h) cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital or equity); (i) margins (including, but not limited to, gross, operating or net interest); (j) improvements in capital structure; (k) budget and expense management; (l) ratios (including, but not limited to, price to earnings, debt to assets, debt to net assets, non-interest income to average assets, provision for loan and lease losses to assets, and ratios regarding capital, liquidity, solvency, fiscal capacity, productivity or risk); (m) economic value added or other value added measurements; (n) share price (including, but not limited to, growth measures and total stockholder return); (o) expense targets; (p) market capitalization; (q) operating efficiency; (r) working capital; (s) enterprise value; (t) market share; (u) deposit growth; (v) workforce satisfaction or diversity goals; (w) sustainability goals; (x) employee retention; (y) customer satisfaction; (z) strategic business objectives, consisting of one or more objectives based upon meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures, or goals relating to capital raising and capital management; (aa) net interest rate spread; (bb) loan production volume; (cc) classified assets; (dd) non-performing assets; (ee) provision for loan and lease losses; (ff) any performance metric relating to balance sheet items (including, but not limited to, non-accrual loans, accruing loans and leases) or (gg) any performance metric relating to income statement items (including, but not limited to, interest income, non-interest income, non-interest expense or any subset thereof).

Any one or more of the Performance Criteria may be used on an absolute or relative basis to measure the performance of the Company and/or an Affiliate as a whole or any division, business unit, operational unit or geographic unit of the Company and/or an Affiliate or any combination thereof, as the Committee may deem appropriate, or as compared to the performance of a group of comparable companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Committee may also select Performance Criteria (n) above as compared to various stock market indices. Any Performance Criteria may be used individually or in combination with any other Performance Criteria, and may be further defined in the applicable Award Agreement. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162

(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period. In the event that applicable tax and/or securities laws change to permit the Committee discretion to alter the governing Performance Criteria without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval.

**“Performance Formula”** means, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to any Performance-Based Award of a particular Participant, whether all, some portion but less than all, or none of the Performance-Based Award has been earned for the Performance Period.

**“Performance Goals”** means, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), or at any time thereafter (but only to the extent the exercise of such authority after such period would not cause a Performance-Based Award granted to any Participant for the Performance Period to fail to qualify as “performance-based compensation” under Section 162(m) of the Code), in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period to the extent permitted under Section 162(m) of the Code in order to prevent the dilution or enlargement of the rights of Participants based on the following events: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles or other laws or regulatory rules affecting reported results; (d) any reorganization and restructuring programs; (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 (or any successor or pronouncement thereto) and/or in management’s discussion and analysis of financial condition and results of operations appearing in the Company’s annual report to stockholders for the applicable year; (f) acquisitions or divestitures; (g) any other specific unusual or nonrecurring events, or objectively determinable category thereof; (h) foreign exchange gains and losses; and (i) a change in the Company’s fiscal year.

**“Performance Period”** means the one or more periods of time, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of a Performance-Based Award.

**“Permitted Transferee”** means: (a) a member of the Optionholder’s immediate family (child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships), any person sharing the Optionholder’s household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Optionholder) control the management of assets, and any other entity in which these persons (or the Optionholder) own more than 50% of the voting interests; (b) third parties designated by the Committee in connection with a program established and approved by the Committee pursuant to which Participants may receive a cash payment or other consideration in consideration for the transfer of a Non-qualified Stock Option; and (c) such other transferees similar to and designed to effect the purposes set forth in paragraph (a) above as may be permitted by the Committee.

**“Plan”** means TCF Financial 2015 Omnibus Incentive Plan, as amended and/or amended and restated from time to time.

**“Predecessor Plans”** means the TCF Financial Incentive Stock Program as last approved by stockholders on April 24, 2013 and the Performance-Based Compensation Policy as last approved by stockholders on April 24, 2013.

**“Qualified Performance-Based Award”** has the meaning set forth in Section 7.5.

**“Related Rights”** has the meaning set forth in Section 7.1(a).

**“Restricted Award”** means any Award granted pursuant to Section 7.2(a).

**“Restricted Period”** has the meaning set forth in Section 7.2(a).

“**Restricted Stock**” has the meaning set forth in Section 7.2(a).

“**Restricted Stock Units**” has the meaning set forth in Section 7.2(a).

“**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Share**” means a share of Common Stock.

“**Stock Appreciation Right**” means the right pursuant to an Award granted under Section 7.1 to receive, upon exercise, an amount payable in cash or shares equal to the number of shares subject to the Stock Appreciation Right that is being exercised multiplied by the excess of (a) the Fair Market Value of a share of Common Stock on the date the Award is exercised, over (b) the exercise price specified in the Stock Appreciation Right Award Agreement.

“**Ten Percent Stockholder**” means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

“**Vested Unit**” has the meaning set forth in Section 7.2(e).

3. Administration.

3.1 Authority of Committee. The Plan shall be administered by the Committee or, in the Board’s sole discretion, by the Board. Subject to the terms of the Plan, the Committee’s charter and Applicable Laws, and in addition to other express powers and authorization conferred by the Plan, the Committee shall have the authority:

- (a) to construe and interpret the Plan and apply its provisions;
- (b) to promulgate, amend, and rescind rules and regulations relating to the administration of the Plan;
- (c) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;
- (d) to delegate its authority to one or more Officers of the Company with respect to Awards that do not involve Covered Employees or “insiders” within the meaning of Section 16 of the Exchange Act;
- (e) to determine when Awards are to be granted under the Plan and the applicable Grant Date;
- (f) from time to time to select, subject to the limitations set forth in this Plan, those Participants to whom Awards shall be granted;
- (g) to determine the number of shares of Common Stock to be made subject to each Award;
- (h) to determine whether each Option is to be an Incentive Stock Option or a Non-qualified Stock Option;
- (i) to prescribe the terms and conditions of each Award, including, without limitation, the exercise price and medium of payment and vesting provisions, and to specify the provisions of the Award Agreement relating to such grant;

- (j) to designate an Award as a Performance-Based Award, to determine the terms of any Performance-Based Award (including the threshold, target and maximum amount of cash or Shares to be awarded, the Performance Criteria that will be used to establish the Performance Goals and the Performance Period(s)), and to determine the amount of cash or Shares earned by a Participant pursuant to any Performance-Based Award;
- (k) to designate any Performance-Based Award as a Qualified Performance-Based Award;
- (l) subject to Section 13 hereof, to amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award;
- (m) to determine the duration and purpose of leaves of absences which may be granted to a Participant without constituting termination of their employment for purposes of the Plan, which periods shall be no shorter than the periods generally applicable to Employees under the Company's employment policies;
- (n) to make decisions with respect to outstanding Awards that the Committee deems necessary upon a change in corporate control or an event that triggers anti-dilution adjustments;
- (o) to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; and
- (p) to exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan.

The Committee also may modify the purchase price or the exercise price of any outstanding Award, provided that if the modification results in a repricing, stockholder approval shall be required before the repricing is effective.

3.2 Committee Decisions Final. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on the Company and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious.

3.3 Delegation. The Committee, or if no Committee has been appointed, the Board, may delegate administration of the Plan to a committee or committees of one or more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. The Committee shall have the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board or the Committee shall thereafter be to the committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revert in the Board the administration of the Plan. The members of the Committee shall be appointed by and serve at the pleasure of the Board. From time to time, the Board may increase or decrease the size of the Committee, add additional members to, remove members (with or without cause) from, appoint new members in substitution therefor, and fill vacancies, however caused, in the Committee. The Committee shall act pursuant to a vote of the majority of its members or, in the case of a Committee comprised of only two members, the unanimous consent of its members, whether present or not, or by the written consent of the majority of its members and minutes shall be kept of all of its meetings and copies thereof shall be provided to the Board. Subject to the limitations prescribed by the Plan and the Board, the Committee may establish and follow such rules and regulations for the conduct of its business as it may determine to be advisable.

3.4 Committee Composition. The Board shall have discretion to determine whether or not it intends to comply with the exemption requirements of Rule 16b-3 and/or Section 162(m) of the Code. However, if the Board intends to satisfy such exemption requirements, with respect to Awards to any Covered Employee and with respect to any insider subject to Section 16 of the Exchange Act, the Committee shall be a compensation committee of the Board, or an independent subcommittee thereof, that at all times consists solely of two or more Non-Employee Directors who are also Outside Directors. Within the scope of such

authority, the Board or the Committee may (a) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Awards to eligible persons who are either (i) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Award or (ii) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code or (b) delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Awards to eligible persons who are not then subject to Section 16 of the Exchange Act. Nothing herein shall create an inference that an Award is not validly granted under the Plan in the event Awards are granted under the Plan by a compensation committee of the Board that does not at all times consist solely of two or more Non-Employee Directors who are also Outside Directors.

3.5 Indemnification. In addition to such other rights of indemnification as they may have as Directors or members of the Committee, and to the extent allowed by Applicable Laws, the Committee shall be indemnified by the Company against the reasonable expenses, including attorney's fees, actually incurred in connection with any action, suit or proceeding or in connection with any appeal therein, to which the Committee may be party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted under the Plan, and against all amounts paid by the Committee in settlement thereof (provided, however, that the settlement has been approved by the Company, which approval shall not be unreasonably withheld) or paid by the Committee in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee did not act in good faith and in a manner which such person reasonably believed to be in the best interests of the Company, or in the case of a criminal proceeding, had no reason to believe that the conduct complained of was unlawful; provided, however, that within 60 days after institution of any such action, suit or proceeding, such Committee shall, in writing, offer the Company the opportunity at its own expense to handle and defend such action, suit or proceeding.

#### 4. Shares Subject to the Plan.

4.1 Subject to adjustment in accordance with Section 11, the maximum number of Shares that may be issued pursuant to the grant of Awards under the Plan shall be the sum of (i) a total of 2,000,000 shares of Common Stock, (ii) any Shares which are available for grant immediately prior to the Company's Annual Meeting of Stockholders on April 22, 2015 under the Predecessor Plans, and (iii) any Shares relating to the Predecessor Plans which become available for grant after April 22, 2015 under the terms of such Predecessor Plan, all of which may, in the Committee's discretion, be granted as Incentive Stock Options. During the terms of the Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards.

4.2 Shares of Common Stock available for distribution under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

4.3 Subject to adjustment in accordance with Section 11, no Participant shall be granted, during any calendar year, Options to purchase Common Stock and Stock Appreciation Rights with respect to more than 800,000 shares of Common Stock in the aggregate or any other Awards with respect to more than 500,000 shares of Common Stock in the aggregate. If an Award is to be settled in cash, the number of shares of Common Stock on which the Award is based shall not count toward the individual share limit set forth in this Section 4.

4.4 Any shares of Common Stock subject to an Award that is canceled, forfeited or expires prior to exercise or realization, either in full or in part, shall again become available for issuance under the Plan. Notwithstanding anything to the contrary contained herein: shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such shares are (a) shares tendered in payment of an Option, (b) shares delivered or withheld by the Company to satisfy any tax withholding obligation, or (c) shares covered by a stock-settled Stock Appreciation Right or other Awards that were not issued upon the settlement of the Award.

#### 5. Eligibility.

5.1 Eligibility for Specific Awards. Incentive Stock Options may be granted only to Employees. Awards other than Incentive Stock Options may be granted to Employees and those individuals whom the Committee determines are reasonably expected to become Employees following the Grant Date.

5.2 Ten Percent Stockholders. A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the Option Exercise Price is at least 110% of the Fair Market Value of the Common Stock at the Grant Date and the Option is not exercisable after the expiration of five years from the Grant Date.

6. Option Provisions.

Each Option granted under the Plan shall be evidenced by an Award Agreement. Each Option so granted shall be subject to the conditions set forth in this Section 6, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options shall be separately designated Incentive Stock Options or Non-qualified Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. Notwithstanding the foregoing, the Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the terms of such Option do not satisfy the requirements of Section 409A of the Code. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

6.1 Term. Subject to the provisions of Section 5.2 regarding Ten Percent Stockholders, no Incentive Stock Option shall be exercisable after the expiration of 10 years from the Grant Date. The term of a Non-qualified Stock Option granted under the Plan shall be determined by the Committee; provided, however, no Non-qualified Stock Option shall be exercisable after the expiration of 10 years from the Grant Date.

6.2 Exercise Price.

(a) Incentive Stock Option. Subject to the provisions of Section 5.2 regarding Ten Percent Stockholders, the Option Exercise Price of each Incentive Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the Grant Date.

(b) Non-qualified Stock Option. The Option Exercise Price of each Non-qualified Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the Grant Date.

6.3 Consideration. The Option Exercise Price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (a) in cash or by certified or bank check at the time the Option is exercised or (b) in the discretion of the Committee, upon such terms as the Committee shall approve, the Option Exercise Price may be paid: (i) by delivery to the Company of other Common Stock, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the Option Exercise Price (or portion thereof) due for the number of shares being acquired, or by means of attestation whereby the Participant identifies for delivery specific shares of Common Stock that have an aggregate Fair Market Value on the date of attestation equal to the Option Exercise Price (or portion thereof) and receives a number of shares of Common Stock equal to the difference between the number of shares thereby purchased and the number of identified attestation shares of Common Stock (a "Stock for Stock Exchange"); (ii) a "cashless" exercise program established with a broker; (iii) by reduction in the number of shares of Common Stock otherwise deliverable upon exercise of such Option with a Fair Market Value equal to the aggregate Option Exercise Price at the time of exercise; (iii) any combination of the foregoing methods; or (iv) in any other form of legal consideration that may be acceptable to the Committee. Notwithstanding the foregoing, during any period for which the Common Stock is publicly traded (i.e., the Common Stock is listed on any established stock exchange or a national market system) an exercise by a Director or Officer that involves or may involve a direct or indirect extension of credit or arrangement of an extension of credit by the Company, directly or indirectly, in violation of Section 402(a) of the Sarbanes-Oxley Act of 2002 or Regulation O shall be prohibited with respect to any Award under this Plan.

6.4 Transferability.

(a) Incentive Stock Option. An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by

delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(b) Non-qualified Stock Option. A Non-qualified Stock Option may, in the sole discretion of the Committee, be transferable to a Permitted Transferee, upon written approval by the Committee to the extent provided in the Award Agreement. If the Non-qualified Stock Option does not provide for transferability, then the Non-qualified Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

6.5 Vesting of Options. Each Option that vests solely based on the continued service of the Participant shall vest and therefore become exercisable no earlier than one (1) year after the Grant Date. Each Option that vests based on the achievement of performance or other criteria shall vest and therefore become exercisable no earlier than one (1) year after the Grant Date. No Option may be exercised for a fraction of a share of Common Stock. The Committee may, but shall not be required to, provide for an acceleration of vesting and exercisability in the terms of any Award Agreement upon the occurrence of a specified event.

6.6 Termination of Continuous Service. Unless otherwise provided in an Award Agreement or in an employment agreement the terms of which have been approved by the Committee, in the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (a) the date three months following the termination of the Optionholder's Continuous Service or (b) the expiration of the term of the Option as set forth in the Award Agreement; provided that, if the termination of Continuous Service is by the Company for Cause, all outstanding Options (whether or not vested) shall immediately terminate and cease to be exercisable. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Award Agreement, the Option shall terminate.

6.7 Extension of Termination Date. An Optionholder's Award Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service for any reason would be prohibited at any time because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act or any other state or federal securities law or the rules of any securities exchange or interdealer quotation system, then the Option shall terminate on the earlier of (a) the expiration of the term of the Option in accordance with Section 6.1 or (b) the expiration of a period after termination of the Participant's Continuous Service that is three months after the end of the period during which the exercise of the Option would be in violation of such registration or other securities law requirements.

6.8 Disability of Optionholder. Unless otherwise provided in an Award Agreement, in the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (a) the date 12 months following such termination or (b) the expiration of the term of the Option as set forth in the Award Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein or in the Award Agreement, the Option shall terminate.

6.9 Death of Optionholder. Unless otherwise provided in an Award Agreement, in the event an Optionholder's Continuous Service terminates as a result of the Optionholder's death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death, but only within the period ending on the earlier of (a) the date 12 months following the date of death or (b) the expiration of the term of such Option as set forth in the Award Agreement. If, after the Optionholder's death, the Option is not exercised within the time specified herein or in the Award Agreement, the Option shall terminate.

6.10 Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates)



exceeds \$100,000, the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Non-qualified Stock Options.

6.11 No Repricing. Notwithstanding any other provision of this Plan other than Section 11, the Committee may not, without prior approval of the Company's stockholders, seek to effect any repricing of any previously granted, "underwater" Option by: (i) amending or modifying the terms of the Option to lower the exercise price; (ii) canceling the underwater Option and granting either replacement Options having a lower exercise price or other Awards or cash in exchange for such cancellation; or (iii) repurchasing the underwater Options. For purposes of this Section 6.11, an Option will be deemed to be "underwater" at any time when the Fair Market Value of the Common Stock is less than the exercise price of the Option.

## 7. Provisions of Awards Other Than Options.

### 7.1 Stock Appreciation Rights.

(a) General. Each Stock Appreciation Right granted under the Plan shall be evidenced by an Award Agreement. Each Stock Appreciation Right so granted shall be subject to the conditions set forth in this Section 7.1, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Stock Appreciation Rights may be granted alone ("Free Standing Rights") or in tandem with an Option granted under the Plan ("Related Rights").

(b) Grant Requirements. Any Related Right that relates to a Non-qualified Stock Option may be granted at the same time the Option is granted or at any time thereafter but before the exercise or expiration of the Option. Any Related Right that relates to an Incentive Stock Option must be granted at the same time the Incentive Stock Option is granted.

(c) Term. The term of a Stock Appreciation Right granted under the Plan shall be determined by the Committee; provided, however, no Stock Appreciation Right shall be exercisable later than the tenth anniversary of the Grant Date.

(d) Vesting. Each Stock Appreciation Right shall vest and therefore become exercisable no earlier than one (1) year after the Grant Date. No Stock Appreciation Right may be exercised for a fraction of a share of Common Stock. The Committee may, but shall not be required to, provide for an acceleration of vesting and exercisability in the terms of any Award Agreement upon the occurrence of a specified event.

(e) Exercise and Payment. Upon exercise of a Stock Appreciation Right, the holder shall be entitled to receive from the Company an amount equal to the number of shares of Common Stock subject to the Stock Appreciation Right that is being exercised multiplied by the excess of (i) the Fair Market Value of a share of Common Stock on the date the Award is exercised, over (ii) the exercise price specified in the Stock Appreciation Right or related Option. Payment with respect to the exercise of a Stock Appreciation Right shall be made on the date of exercise. Payment shall be made in the form of shares of Common Stock, cash or as otherwise determined by the Committee.

(f) Exercise Price. The exercise price of a Free Standing Right shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of one share of Common Stock on the Grant Date of such Stock Appreciation Right. Stock Appreciation Rights shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the holder of the Stock Appreciation Right only by such holder. A Related Right granted simultaneously with or subsequent to the grant of an Option and in conjunction therewith or in the alternative thereto shall have the same exercise price as the related Option and shall be exercisable only to the same extent as the related Option; provided, however, that a Stock Appreciation Right, by its terms, shall be exercisable only when the Fair Market Value per share of Common Stock subject to the Stock Appreciation Right and related Option exceeds the exercise price per share thereof and no Stock Appreciation Rights may be granted in tandem with an Option unless the Committee determines that the requirements of Section 7.1(b) are satisfied.

(g) Reduction in the Underlying Option Shares. Upon any exercise of a Related Right, the number of shares of Common Stock for which any related Option shall be exercisable shall be reduced by the number of shares for which the Stock Appreciation Right has been exercised. The number of shares of Common Stock for which a Related Right shall be exercisable shall be reduced upon any exercise of any related Option by the number of shares of Common Stock for which such Option has been exercised.

(h) No Repricing. Notwithstanding any other provision of this Plan other than Section 11, the Committee may not, without prior approval of the Company's stockholders, seek to effect any repricing of any previously granted, "underwater" Stock Appreciation Right by: (i) amending or modifying the terms of the Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Stock Appreciation Right and granting either replacement Stock Appreciation Rights having a lower exercise price; or other Awards or cash in exchange; or (iii) repurchasing the underwater Stock Appreciation Rights. For purposes of this Section 7.1(h), an Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Common Stock is less than the exercise price of the Stock Appreciation Right.

## 7.2 Restricted Awards (Including Performance-Based Restricted Awards and Restricted Stock Units).

### (a) General.

(i) A Restricted Award is an Award of actual Shares ("Restricted Stock") or hypothetical Common Stock units ("Restricted Stock Units") having a value equal to the Fair Market Value of an identical number of shares of Common Stock, which may, but need not, provide that such Restricted Award may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation or for any other purpose for such period (the "Restricted Period") as the Committee shall determine.

(ii) Shares of Restricted Stock are actual Shares issued to a Participant, and shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates or delivery to an account in the Participant's name at a broker designated by the Company. "Performance-Based Restricted Stock" is an Award of Shares of Restricted Stock, the vesting of which is subject to the attainment of Performance Goals. In the event that the Committee grants Shares of Performance-Based Restricted Stock, the performance levels to be achieved for each Performance Period and the amount of the Award to be distributed based on the attainment of the Performance Goal or Goals shall be conclusively determined by the Committee.

(iii) Restricted Stock Units are Awards denominated in Shares that will be settled, subject to the terms and conditions of the applicable Award Agreement, (a) in cash, based upon the Fair Market Value of a specified number of Shares, (b) in Shares, or (c) a combination thereof as determined in the sole discretion of the Committee. "Performance-Based Restricted Stock Units" are Restricted Stock Units with vesting subject to the attainment of Performance Goals. In the event that the Committee grants Performance-Based Restricted Stock Units, the performance levels to be achieved for each Performance Period and the amount of the Award to be distributed based on the attainment of the Performance Goal or Goals shall be conclusively determined by the Committee.

(iv) Each Restricted Award (including Performance-Based Restricted Awards) granted under the Plan shall be evidenced by an Award Agreement. Each Restricted Award (including Performance-Based Restricted Awards) so granted shall be subject to the conditions set forth in this Section 7.2, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

### (b) Vesting.

(i) The Committee shall, prior to or at the time of grant, condition the vesting or transferability of an Award of Restricted Stock upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of a Restricted Award upon the attainment of Performance Goals (or the attainment of Performance Goals and the continued service of the applicable Participant), the Committee may, prior to or at the time of grant, designate such an Award as a Qualified Performance-Based Award.

(ii) The Restricted Period shall commence on the Grant Date and end no earlier than one (1) year after the Grant Date. Any Restricted Award that vests based on the achievement of Performance Goals or other criteria shall vest no earlier than one (1) year after the Grant Date. The Committee may, but shall not be required to, provide for an acceleration of vesting in the terms of any Award Agreement upon the occurrence of a specified event.

(iii) The conditions for grant, vesting, or transferability and the other provisions of Restricted Awards (including without limitation any Performance Goals applicable to Performance-Based Restricted Awards) need not be the same with respect to each Participant.

(c) Restrictions.

(i) Restricted Stock (including Performance-Based Restricted Stock) and Deferred Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award Agreement: (A) if an escrow arrangement is used, the Participant shall not be entitled to delivery of the stock certificate; (B) the shares shall be subject to the restrictions on transferability set forth in the Award Agreement; (C) the shares shall be subject to forfeiture to the extent provided in the applicable Award Agreement; and (D) to the extent such shares are forfeited, the stock certificates shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect to such shares shall terminate without further obligation on the part of the Company.

(ii) Restricted Stock Units (including Performance-Based Restricted Stock Units) and Deferred Stock Units awarded to any Participant shall be subject to (A) forfeiture until the expiration of the Restricted Period, and satisfaction of any applicable Performance Goals during such period, to the extent provided in the applicable Award Agreement, and to the extent such Restricted Stock Units or Deferred Stock Units are forfeited, all rights of the Participant to such Restricted Stock Units or Deferred Stock Units shall terminate without further obligation on the part of the Company and (B) such other terms and conditions as may be set forth in the applicable Award Agreement.

(iii) The Committee shall have the authority to remove any or all of the restrictions on a Restricted Award whenever it may determine that, by reason of changes in Applicable Laws or other changes in circumstances arising after the date such award is granted, such action is appropriate, except to the extent inconsistent with Section 409A of the Code if the applicable Award is subject thereto.

(iv) Each certificate representing Restricted Stock awarded under the Plan shall bear a legend in such form as the Company deems appropriate.

(d) Other Terms and Conditions.

(i) If provided for in an applicable Award Agreement, the applicable Participant may have, with respect to Shares of Restricted Stock, all of the rights of a stockholder of the Company holding the class or series of Common Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares and the right to receive any dividends and other distributions, provided, however, that in no event shall a dividend or other distribution or dividend equivalent be paid on Performance-Based Restricted Award until all applicable Performance Goals have been attained and the Award has vested.

(ii) If the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than delivered to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (A) an escrow agreement satisfactory to the Committee, if applicable and (B) the appropriate blank stock power with respect to the Restricted Stock covered by such agreement. If a Participant fails to execute an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and stock power, the Award shall be null and void.

(iii) No shares of Common Stock shall be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside a fund for the payment of any such Award. A Participant shall have no voting rights and shall not be entitled to receive dividends with respect to any Restricted Stock Units granted hereunder.

(iv) The Committee may also grant Restricted Stock or Restricted Stock Units with a deferral feature, whereby settlement is deferred beyond the vesting date until the occurrence of a future payment date or event set forth in an Award Agreement (“Deferred Restricted Stock” or “Deferred Stock Units”).

(v) No Restricted Award may be granted or settled for a fraction of a share of Common Stock.

(e) Delivery of Restricted Stock and Settlement of Restricted Stock Units. Upon the expiration of the Restricted Period with respect to any Shares of Restricted Stock or the expiration of the deferral period with respect to any outstanding Deferred Restricted Stock, the restrictions set forth in Section 7.2(c) and the applicable Award Agreement shall be of no further force or effect with respect to such Shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Participant, or his or her beneficiary, without charge, the stock certificate evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (to the nearest full share). Upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, or at the expiration of the deferral period with respect to any outstanding Deferred Stock Units, the Company shall deliver to the Participant, or his or her beneficiary, without charge, one share of Common Stock for each such outstanding vested Restricted Stock Unit or Deferred Stock Unit (“Vested Unit”); provided, however, that, if explicitly provided in the applicable Award Agreement, the Committee may, in its sole discretion, elect to pay cash or part cash and part Common Stock in lieu of delivering only shares of Common Stock for Vested Units. If a cash payment is made in lieu of delivering Shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the Common Stock as of the date on which the Restricted Period lapsed in the case of Restricted Stock Units, or the delivery date in the case of Deferred Stock Units, with respect to each Vested Unit.

7.3 Other Stock-Based Awards (Including Other Stock-Based Performance Awards). Other Stock-Based Awards may be granted under the Plan, provided that any Other Stock-Based Awards that are Awards of Shares that are unrestricted shall only be granted in lieu of other compensation due and payable to the Participant. “Other Stock-Based Performance Awards” are Other Stock-Based Awards, the vesting of which is subject to the attainment of Performance Goals. In the event that the Committee grants Other Stock-Based Performance Awards, the performance levels to be achieved for each Performance Period and the amount of the Award to be distributed based on the attainment of the Performance Goal or Goals shall be conclusively determined by the Committee. In no event shall a dividend or other distribution or dividend equivalent be paid on an Other-Stock Based Award that is conditioned upon the achievement of Performance Goals until all applicable Performance Goals have been attained and the Award has vested.

7.4 Performance Cash Awards. Performance Cash Awards may be issued under the Plan, for no cash consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards. A “Performance Cash Award” is an Award entitling the recipient to payment of a cash amount subject to the attainment of Performance Goals. The Committee may, in connection with the grant of a Performance Cash Award, designate the Award as a Qualified Performance-Based Award. The conditions for grant or vesting and the other provisions of a Performance Cash Award (including without limitation any applicable Performance Goals) need not be the same with respect to each Participant. Performance Cash Awards may be paid in cash, Shares, other property or any combination thereof, in the sole discretion of the Committee as set forth in the applicable Award Agreement. The performance levels to be achieved for each Performance Period and the amount of the Award to be distributed shall be conclusively determined by the Committee.

7.5 Qualified Performance-Based Awards.

(a) General. The Committee shall have the authority, at the time of grant of any Award described in this Plan (other than Options and Stock Appreciation Rights granted with an exercise

price equal to or greater than the Fair Market Value per share of Common Stock on the Grant Date), to designate such Award as a Qualified Performance-Based Award in order to qualify such Award as “performance-based compensation” under Section 162(m) of the Code. In addition, the Committee shall have the authority to make an Award of a cash bonus to any Participant and designate such Award as a Performance Cash Award in order to qualify such Award as “performance-based compensation” under Section 162(m) of the Code.

(b) Eligibility. The Committee will, in its sole discretion, designate within the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code) which Participants will be eligible to receive Qualified Performance-Based Awards in respect of such Performance Period. However, designation of a Participant eligible to receive an Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Qualified Performance-Based Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Qualified Performance-Based Award shall be decided solely in accordance with the provisions of this Section 7.5. Moreover, designation of a Participant eligible to receive an Award hereunder for a particular Performance Period shall not require designation of such Participant eligible to receive an Award hereunder in any subsequent Performance Period and designation of one person as a Participant eligible to receive an Award hereunder shall not require designation of any other person as a Participant eligible to receive an Award hereunder in such period or in any other period.

(c) Discretion of Committee with Respect to Qualified Performance-Based Awards. With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period (provided any such Performance Period shall be not less than one fiscal quarter in duration), the type(s) of Qualified Performance-Based Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) that is (are) to apply to the Company and the Performance Formula. Within the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Cash Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 7.5(c) and record the same in writing.

(d) Payment of Qualified Performance-Based Awards.

(i) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Qualified Performance-Based Award for such Performance Period.

(ii) Limitation. A Participant shall be eligible to receive payment in respect of a Qualified Performance-Based Award only to the extent that: (A) the Performance Goals for such period are achieved; and (B) the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant’s Qualified Performance-Based Award has been earned for the Performance Period.

(iii) Certification. Following the completion of a Performance Period, the Committee shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing the amount of the Qualified Performance-Based Awards earned for the period based upon the Performance Formula. The Committee shall then determine the actual size of each Participant’s Qualified Performance-Based Award for the Performance Period and, in so doing, may apply Negative Discretion in accordance with Section 7.5(d)(iv) hereof, if and when it deems appropriate.

(iv) Use of Discretion. In determining the actual size of an individual Qualified Performance-Based Award for a Performance Period, the Committee may reduce or eliminate the amount of the Qualified Performance-Based Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion if, in its sole

judgment, such reduction or elimination is appropriate. The Committee shall not have the discretion to (A) grant or provide payment in respect of Qualified Performance-Based Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained or (B) increase a Performance Cash Award above the maximum amount payable under Section 7.5(d)(vi) of the Plan.

(v) **Timing of Award Payments.** Qualified Performance-Based Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 7.3 but in no event later than 2 1/2 months following the end of the calendar year during which the Performance Period is completed.

(vi) **Maximum Award Payable.** Notwithstanding any provision contained in this Plan to the contrary, the maximum Qualified Performance-Based Award payable during any one (1) year period to any one Participant under the Plan (excluding any Options, Stock Appreciation Rights and cash bonus Awards described in the last sentence of Section 7.5(a)) is 500,000 shares of Common Stock or, in the event such Qualified Performance-Based Award is paid in cash, the equivalent cash value thereof on the first or last day of the Performance Period to which such Award relates, as determined by the Committee. The maximum amount that can be paid in any calendar year to any Participant pursuant to a Performance Cash Award shall be \$7,500,000. Furthermore, any Qualified Performance-Based Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (A) with respect to a Qualified Performance-Based Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (B) with respect to a Qualified Performance-Based Award that is payable in shares of Common Stock, by an amount greater than the appreciation of a share of Common Stock from the date such Award is deferred to the payment date.

#### 8. Securities Law Compliance.

Each Award Agreement shall provide that no shares of Common Stock shall be purchased or sold thereunder unless and until (a) any then applicable requirements of state or federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel and (b) if required to do so by the Company, the Participant has executed and delivered to the Company a letter of investment intent in such form and containing such provisions as the Committee may require. The Company shall use reasonable efforts to seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Common Stock upon exercise of the Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Award or any Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Awards unless and until such authority is obtained.

#### 9. Use of Proceeds from Stock.

Proceeds from the sale of Common Stock pursuant to Awards, or upon exercise thereof, shall constitute general funds of the Company.

#### 10. Miscellaneous.

10.1 Acceleration of Exercisability and Vesting Pursuant to a Change in Control. The Committee shall have the power to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan in connection with a Change in Control, as more fully set forth in Section 12 hereof.

10.2 Stockholder Rights. Except as provided in the Plan or an Award Agreement, no Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Award unless and until such Participant has satisfied all requirements for exercise of the Award pursuant to its terms and no adjustment shall be made for dividends (ordinary or extraordinary),

whether in cash, securities or other property) or distributions of other rights for which the record date is prior to the date such Common Stock certificate is issued, except as provided in Section 11 hereof.

10.3 No Employment or Other Service Rights. Nothing in the Plan or any instrument executed or Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or shall affect the right of the Company or an Affiliate to terminate (a) the employment of an Employee with or without notice and with or without Cause or (b) the service of a Director pursuant to the By-laws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

10.4 Transfer; Approved Leave of Absence. For purposes of the Plan, no termination of employment by an Employee shall be deemed to result from either (a) a transfer of employment to the Company from an Affiliate or from the Company to an Affiliate, or from one Affiliate to another, or (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the Employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing, in either case, except to the extent inconsistent with Section 409A of the Code if the applicable Award is subject thereto.

10.5 Withholding Obligations. To the extent provided by the terms of an Award Agreement and subject to the discretion of the Committee, the Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Common Stock under an Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (a) tendering a cash payment, or (b) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the exercise or acquisition of Common Stock under the Award, provided that any satisfaction of tax obligations through the withholding of shares may only be up to the statutory maximum tax rate; or (c) delivering to the Company previously owned and unencumbered shares of Common Stock of the Company.

#### 11. Adjustments Upon Changes in Stock.

In the event of changes in the outstanding Common Stock or in the capital structure of the Company by reason of any stock or extraordinary cash dividend, stock split, reverse stock split, an extraordinary corporate transaction such as any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization occurring after the Grant Date of any Award, Awards granted under the Plan and any Award Agreements, the exercise price of Options and Stock Appreciation Rights, the maximum number of shares of Common Stock subject to all Awards stated in Section 4 and the maximum number of shares of Common Stock with respect to which any one person may be granted Awards during any period stated in Section 4 and Section 7.5(d) (vi) will be equitably adjusted or substituted, as to the number, price or kind of a share of Common Stock or other consideration subject to such Awards to the extent necessary to preserve the economic intent of such Award. In the case of adjustments made pursuant to this Section 11, unless the Committee specifically determines that such adjustment is in the best interests of the Company or its Affiliates, the Committee shall, in the case of Incentive Stock Options, ensure that any adjustments under this Section 11 will not constitute a modification, extension or renewal of the Incentive Stock Options within the meaning of Section 424(h)(3) of the Code and in the case of Non-qualified Stock Options, ensure that any adjustments under this Section 11 will not constitute a modification of such Non-qualified Stock Options within the meaning of Section 409A of the Code. Any adjustments made under this Section 11 shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. Further, with respect to Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, any adjustments or substitutions will not cause the Company to be denied a tax deduction on account of Section 162(m) of the Code. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

#### 12. Effect of Change in Control.

12.1 The occurrence of a Change in Control shall not alone result in the accelerated vesting of an Award; provided that the Committee in an Award Agreement may provide for full vesting and exercisability of an Award in connection with a Change in Control. To the extent practicable, any actions required to be taken by the Committee to give effect to the immediately preceding sentence shall occur in a manner and at a time which

allows affected Participants the ability to participate in the Change in Control with respect to the shares of Common Stock subject to their Awards.

12.2 In addition, in the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Awards based upon the price per share of Common Stock received or to be received by other stockholders of the Company in the event. In the case of any Option or Stock Appreciation Right with an exercise price that equals or exceeds the price paid for a share of Common Stock in connection with the Change in Control, the Committee may cancel the Option or Stock Appreciation Right without the payment of consideration therefor.

12.3 The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

### 13. Amendment of the Plan and Awards.

13.1 Amendment of Plan. The Board at any time, and from time to time, may amend or terminate the Plan. However, except as provided in Section 11 relating to adjustments upon changes in Common Stock and Section 13.3, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy any Applicable Laws. At the time of such amendment, the Board shall determine, upon advice from counsel, whether such amendment will be contingent on stockholder approval.

13.2 Stockholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to certain executive officers.

13.3 Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options or to the nonqualified deferred compensation provisions of Section 409A of the Code and/or to bring the Plan and/or Awards granted under it into compliance therewith.

13.4 No Impairment of Rights. Rights under any Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

13.5 Amendment of Awards. The Committee at any time, and from time to time, may amend the terms of any one or more Awards; provided, however, that the Committee may not affect any amendment which would otherwise constitute an impairment of the rights under any Award unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

### 14. General Provisions.

14.1 Forfeiture Events. The Committee may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain events, in addition to applicable vesting conditions of an Award. Such events may include, without limitation, breach of non-competition, non-solicitation, confidentiality, or other restrictive covenants that are contained in the Award Agreement or otherwise applicable to the Participant, a termination of the Participant's Continuous Service for Cause, or other conduct by the Participant that is detrimental to the business or reputation of the Company and/or its Affiliates.

14.2 Clawback. Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange



listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

14.3 Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

14.4 Sub-plans. The Committee may from time to time establish sub-plans under the Plan for purposes of satisfying blue sky, securities, tax or other laws of various jurisdictions in which the Company intends to grant Awards. Any sub-plans shall contain such limitations and other terms and conditions as the Committee determines are necessary or desirable. All sub-plans shall be deemed a part of the Plan, but each sub-plan shall apply only to the Participants in the jurisdiction for which the sub-plan was designed.

14.5 Deferral of Awards. The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Participant to payment or receipt of shares of Common Stock or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program.

14.6 Unfunded Plan. The Plan shall be unfunded. Neither the Company, the Board nor the Committee shall be required to establish any special or separate fund or to segregate any assets to assure the performance of its obligations under the Plan.

14.7 Recapitalizations. Each Award Agreement shall contain provisions required to reflect the provisions of Section 11.

14.8 Delivery. Upon exercise of a right granted under this Plan, the Company shall issue Common Stock or pay any amounts due within a reasonable period of time thereafter. Subject to any statutory or regulatory obligations the Company may otherwise have, for purposes of this Plan, 30 days shall be considered a reasonable period of time.

14.9 No Fractional Shares. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan. The Committee shall determine whether cash, additional Awards or other securities or property shall be issued or paid in lieu of fractional shares of Common Stock or whether any fractional shares should be rounded, forfeited or otherwise eliminated.

14.10 Other Provisions. The Award Agreements authorized under the Plan may contain such other provisions not inconsistent with this Plan, including, without limitation, restrictions upon the exercise of the Awards, as the Committee may deem advisable.

14.11 Section 409A. The Plan is intended to comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant's termination of Continuous Service shall instead be paid on the first payroll date after the six-month anniversary of the Participant's separation from service (or the Participant's death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Participant under Section 409A of the Code and neither the Company nor the Committee will have any liability to any Participant for such tax or penalty.

14.12 Disqualifying Dispositions. Any Participant who shall make a "disposition" (as defined in Section 424 of the Code) of all or any portion of shares of Common Stock acquired upon exercise of an Incentive Stock

Option within two years from the Grant Date of such Incentive Stock Option or within one year after the issuance of the shares of Common Stock acquired upon exercise of such Incentive Stock Option (a "Disqualifying Disposition") shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such shares of Common Stock.

14.13 Section 16. It is the intent of the Company that the Plan satisfy, and be interpreted in a manner that satisfies, the applicable requirements of Rule 16b-3 as promulgated under Section 16 of the Exchange Act so that Participants will be entitled to the benefit of Rule 16b-3, or any other rule promulgated under Section 16 of the Exchange Act, and will not be subject to short-swing liability under Section 16 of the Exchange Act. Accordingly, if the operation of any provision of the Plan would conflict with the intent expressed in this Section 14.13, such provision to the extent possible shall be interpreted and/or deemed amended so as to avoid such conflict.

14.14 Section 162(m). To the extent the Committee issues any Award that is intended to be exempt from the deduction limitation of Section 162(m) of the Code, the Committee may, without stockholder or grantee approval, amend the Plan or the relevant Award Agreement retroactively or prospectively to the extent it determines necessary in order to comply with any subsequent clarification of Section 162(m) of the Code required to preserve the Company's federal income tax deduction for compensation paid pursuant to any such Award.

14.15 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries by whom any right under the Plan is to be exercised in case of such Participant's death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

14.16 Expenses. The costs of administering the Plan shall be paid by the Company.

14.17 Severability. If any of the provisions of the Plan or any Award Agreement is held to be invalid, illegal or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

14.18 Plan Headings. The headings in the Plan are for purposes of convenience only and are not intended to define or limit the construction of the provisions hereof.

14.19 Non-Uniform Treatment. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who are eligible to receive, or actually receive, Awards. Without limiting the generality of the foregoing, the Committee shall be entitled to make non-uniform and selective determinations, amendments and adjustments, and to enter into non-uniform and selective Award Agreements.

14.20 Blackout Periods. Notwithstanding any other provision of this Plan or any Award to the contrary, the Company shall have the authority to establish any "blackout" period that the Company deems necessary or advisable with respect to any or all Awards.

14.21 Written Materials; Electronic Documents. Electronic documents may be substituted for any written materials required by the terms of the Plan, including, without limitation, Award Agreements.

15. Effective Date of Plan.

The Plan was approved by the Board on January 23, 2015, subject to and contingent upon approval by the stockholders of the Company, which approval shall be within twelve (12) months of Board approval.

16. Termination or Suspension of the Plan.

The Plan shall terminate automatically on January 25, 2025. No Award shall be granted pursuant to the Plan after such date, but Awards theretofore granted may extend beyond that date. The Board may suspend or terminate the Plan at any earlier date pursuant to Section 13.1 hereof. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated. Unless the Company determines to submit Section 7.3 of the Plan and the definition of "Performance Goal" and "Performance Criteria" to the Company's stockholders at the first stockholder meeting that occurs in the fifth year following the year in which the Plan was last approved by stockholders (or any earlier meeting designated by the Board), in accordance with the requirements of Section 162(m) of the Code, and such stockholder approval is obtained, then no further Qualifying Performance-Based Awards shall be made to Covered Employees under Section 7.3 after the date of such annual meeting, but the Plan may continue in effect for Awards to Participants not in accordance with Section 162(m) of the Code.

17. Choice of Law.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of law rules.

As adopted by the Board of Directors of TCF Financial Corporation on January 23, 2015.

As approved by the stockholders of TCF Financial Corporation on April 22, 2015.

[\(Back To Top\)](#)

### **Section 3: EX-10.(A)-1 (EXHIBIT 10.(A)-1)**

**Exhibit 10(a)-1**

**TCF FINANCIAL 2015 OMNIBUS INCENTIVE PLAN**  
**RESTRICTED STOCK AWARD**  
**AND NON-SOLICITATION / CONFIDENTIALITY AGREEMENT**

RSA NO. [X]

Employee Name:	[ <b>Executive</b> Name]
Shares of Restricted Stock:	[Shares Granted]
Award Date:	[Date]
Closing Price on Award Date:	[\$Price]

Shares of Restricted Stock ("Restricted Stock") are hereby granted effective on the Award Date set forth above by TCF Financial Corporation ("TCF Financial" or the "Company") to [Executive Grantee Name] (the "Grantee") (the "Award").

WHEREAS, the Company has adopted the TCF Financial 2015 Omnibus Incentive Plan (the "Plan") pursuant to which awards of Restricted Stock may be granted; and

WHEREAS, the Independent Subcommittee (the "Independent Subcommittee") of the Compensation, Nominating, and Corporate Governance Committee (the "Committee") has determined that it is in the best interests of the Company and its stockholders to grant the award of Restricted Stock provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Grant of Restricted Stock. Pursuant to Section 7.2 of the Plan, the Company hereby issues to the Grantee on the Award Date a Restricted Stock Award consisting of the number of shares of Common Stock of the Company set forth above, on the terms and conditions and subject to the restrictions set forth in this Award and the Plan. Capitalized terms that are used but not defined herein have the meaning ascribed to them in the Plan.
2. Consideration. The grant of the Restricted Stock is made in consideration of the services to be rendered by the Grantee to the Company.
3. Restricted Period; Vesting.

3.1 Except as otherwise provided herein, provided that the Grantee remains in Continuous Service through the applicable vesting date, the Restricted Stock will vest in accordance with the following schedule:

<b>Vesting Date</b>	<b>Shares of Common Stock</b>
[VESTING DATE]	[number/percentage of shares that vest]
[VESTING DATE]	[number/percentage of shares that vest]
[VESTING DATE]	[number/percentage of shares that vest]

The period over which the Restricted Stock vests is referred to as the "Restricted Period".

3.2 The foregoing vesting schedule notwithstanding, if the Grantee's Continuous Service terminates for any reason at any time before all of his or her Restricted Stock has vested, the Grantee's unvested Restricted Stock shall be automatically forfeited upon such termination of Continuous Service and neither the Company nor any Affiliate shall have any further obligations to the Grantee under this Award[cliff vesting -; provided, however, that notwithstanding the foregoing, if the Grantee ceases employment by reason of death, Disability, or normal or early retirement (as determined in the discretion of the Committee), a prorated portion of the unvested Restricted Stock will vest based on the number of months from the first day of the month of the Award Date to the termination date, divided by the total number of months from the Award Date to the end of the Restricted Period].

3.3 Notwithstanding the foregoing, if a Change in Control occurs and the Participant's Continuous Service is terminated by the Company without Cause (other than for death or Disability) or by the Participant for Good Reason, in either case, within 12 months following the Change in Control, 100% of the Restricted Stock shall become immediately vested.

3.4 Notwithstanding Section 3.1, in accordance with Section 14.5 of the Plan, the Committee may, but is not required to, prescribe rules pursuant to which the Grantee may elect to defer settlement of the Restricted Stock. Any deferral election must be made in compliance with such rules and procedures as the Committee deems advisable.

4. Restrictions. Subject to any exceptions set forth in this Award or the Plan, during the Restricted Period, the Restricted Stock or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Restricted Stock will be forfeited by the Grantee and all of the Grantee's rights to such shares shall immediately terminate without any payment or consideration by the Company.

5. Rights as Stockholder; Dividends.

5.1 The Grantee shall be the record owner of the Restricted Stock and shall be entitled to the right to vote such shares but shall not be entitled to receive all dividends or other distributions paid with respect to such shares until such have vested in accordance with Section 3. Notwithstanding the foregoing, any stock dividends, stock split or other adjustments contemplated by Section 11 of the Plan in respect of the Restricted Stock shall be subject to the same vesting provisions and restrictions on transferability as the shares of Restricted Stock with respect to which they were issuable or paid.

5.2 The Company may issue stock certificates or evidence the Grantee's interest by using a restricted book entry account with the Company's transfer agent. Physical possession or custody of any stock certificates that are issued shall be retained by the Company until such time as the Restricted Stock vests and Grantee has made payment of the withholding taxes to the Company pursuant to Section 8.1 below.

5.3 If the Grantee forfeits any rights Grantee has under this Award in accordance with Section 3, the Grantee shall, on the date of such forfeiture, no longer have any rights as a stockholder with respect to the Restricted Stock and shall no longer be entitled to vote or receive dividends on such shares.

6. No Right to Continued Service. Neither the Plan nor this Award shall confer upon the Grantee any right to be retained in any position with the Company. Further, nothing in the Plan or this Award shall be construed to limit the discretion of the Company to terminate the Grantee's Continuous Service at any time, with or without Cause.

7. Adjustments. If any change is made to the outstanding Common Stock or the capital structure of the Company, if required, the shares of Restricted Stock shall be adjusted or terminated in any manner as contemplated by Section 11 of the Plan.

8. Tax Liability and Withholding.

8.1 The Grantee shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Grantee pursuant to the Plan, the amount of any required withholding taxes in respect of the Restricted Stock and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Committee may permit the Grantee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means:

- (a) tendering a cash payment.
- (b) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the vesting of the Restricted Stock.
- (c) delivering to the Company previously owned and unencumbered shares of Common Stock.

8.2 Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant or vesting of the Restricted Stock or the subsequent sale of any shares; and (b) does not commit to structure the Restricted Stock to reduce or eliminate the Grantee's liability for Tax-Related Items.

9. Section 83(b) Election. The Grantee may make an election under Code Section 83(b) (a “Section 83(b) Election”) with respect to the Restricted Stock. Any such election must be made within thirty (30) days after the Award Date. If the Grantee elects to make a Section 83(b) Election, the Grantee shall provide the Company with a copy of an executed version and satisfactory evidence of the filing of the executed Section 83(b) Election with the US Internal Revenue Service. The Grantee agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually and timely filed with the US Internal Revenue Service and for all tax consequences resulting from the Section 83(b) Election.

10. Compliance with Law. The issuance and transfer of shares of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company’s shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

11. Legends. A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the shares of Restricted Stock pursuant to this Award or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the shares of Common Stock are then listed or quoted.

12. Notices. Any notice required to be delivered to the Company under this Award shall be in writing and addressed to the Secretary of the Company at the Company’s principal corporate offices. Any notice required to be delivered to the Grantee under this Award shall be in writing and addressed to the Grantee at the Grantee’s address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

13. Governing Law. This Award will be construed and interpreted in accordance with the laws of the State of Delaware without regard to conflict of law principles.

14. Interpretation. Any dispute regarding the interpretation of this Award shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

15. Restricted Stock Subject to Plan. This Award is subject to the Plan as approved by the Company’s stockholders and as may thereafter be amended or modified in accordance with its terms. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

16. Successors and Assigns. The Company may assign any of its rights under this Award. This Award will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Award will be binding upon the Grantee and the Grantee’s beneficiaries, executors, administrators and the person(s) to whom the Restricted Stock may be transferred by will or the laws of descent or distribution.

17. Severability. The invalidity or unenforceability of any provision of the Plan or this Award shall not affect the validity or enforceability of any other provision of the Plan or this Award, and each provision of the Plan and this Award shall be severable and enforceable to the extent permitted by law.

18. Discretionary Nature of Plan. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the Restricted Stock in this Award does not create any contractual right or other right to receive any Restricted Stock or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee’s employment with the Company.

19. Amendment. The Committee has the right to amend, alter, suspend, discontinue or cancel the Restricted Stock, prospectively or retroactively; *provided, that*, no such amendment shall adversely affect the Grantee’s material rights under this Award without the Grantee’s consent.

20. No Impact on Other Benefits. The value of the Grantee's Restricted Stock is not part of his normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

21. Counterparts. This Award may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Award transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

22. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Award. The Grantee has read and understands the terms and provisions thereof, and accepts the Restricted Stock subject to all of the terms and conditions of the Plan and this Award. The Grantee acknowledges that there may be adverse tax consequences upon the grant or vesting of the Restricted Stock or disposition of the underlying shares and that the Grantee has been advised to consult a tax advisor prior to such grant, vesting or disposition.

NON-SOLICITATION AND CONFIDENTIALITY AWARD

As a condition of accepting this Award of Restricted Stock and in consideration of the opportunity to receive shares of stock, I, the undersigned Grantee, agree that for the duration of my employment with TCF Financial, TCF National Bank or any of their affiliated companies ("TCF") and for a period of 12 months after my termination of employment, I will not solicit or attempt to solicit any of the customers of TCF or solicit or attempt to hire any current employees of TCF for any other bank, financial services company, lending company, leasing company or other corporation, person or other entity providing the same or similar products or services as provided by TCF. I also agree that in the event of my termination of employment with TCF I will not remove any documents, customer information or other TCF proprietary materials from TCF premises, computers or otherwise without specific permission and will promptly return upon request any and all TCF-related documents, customer information or other TCF proprietary materials in my possession. I understand this is a binding contractual Award which TCF may enforce in court and/or seek damages from me if it is violated, even if the Restricted Stock awarded in this Restricted Stock Award never become vested.

IN WITNESS WHEREOF, the parties hereto have executed this Award as of the date first above written.

TCF FINANCIAL CORPORATION

By  
General Counsel

I acknowledge that this Agreement includes Non-Solicitation and Confidentiality obligations that are binding on me after my termination of employment with TCF.

ACCEPTED ("Grantee"):

Signature - [Executive Grantee Name]

(Street Address)

(City, State and Zip Code)

RSA NO. [X]  
([Back To Top](#))

5

## **Section 4: EX-10.(E)-1 (EXHIBIT 10.(E)-1)**

**Exhibit 10(e)-1**

**TCF 401K SUPPLEMENTAL PLAN**  
(As amended through October 18, 2016)

### **I. Purpose of Plan; Effective Date of Plan.**

The purpose of this TCF 401K Supplemental Plan (known prior to November 1, 2016, as the TCF Employees Stock Purchase Plan—Supplemental Plan, and referred to hereinafter as the "Plan") is to provide Eligible Employees with supplemental retirement benefits as set forth herein to remedy certain limitations or reductions in benefits under the Internal Revenue Code ("IRC"), as set forth herein, to such Employees under the TCF 401K Plan (known prior to November 1, 2016, as the TCF Employees Stock Purchase Plan, and



referred to hereinafter as the “401K Plan”). The Plan was originally effective for benefits based on Covered Compensation earned in calendar year 2005 and thereafter, and was last amended and restated effective January 1, 2011. The Company hereby adopts this amendment and restatement effective January 1, 2016. A previous plan, the Supplemental Employee Retirement Plan—ESPP Plan (the “Previous Plan”) was and remains in effect for benefits based on Covered Compensation earned in calendar year 2004 and before and is a separate standalone plan. This Plan does not make any material modifications to the Previous Plan. This Plan is intended to be exempt from the participation, vesting and funding provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and is intended to be maintained “primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of §§ 201(2), 301(a)(3) and 401(a)(1) of ERISA.

The Plan is intended to satisfy the requirements for nonqualified deferred compensation plans set forth in IRC § 409A, and it shall be interpreted, administered and construed consistent with said intent.

This Plan is also intended to be a plan, program, or arrangement under 4 U.S.C. section 114 (the “State Taxation of Pension Income Act of 1995”) maintained solely for the purpose of providing retirement benefits for employees in excess of the limitations imposed by one or more of IRC sections referenced in such Act on contributions or benefits in qualified plans such as the 401K Plan, and to be an “excess plan” as defined in Rule 16b-3 of the Securities and Exchange Commission.

## II. Definitions.

Whenever used in this Plan, the following terms shall have the respective meanings set forth below, unless a different meaning is required by the context in which the word is used. When the defined meaning is intended, the term is capitalized. Capitalized terms not otherwise defined herein shall have the meaning set forth in the 401K Plan.

- (a) **Affiliate; Affiliated Group.** “Affiliate” means any entity which is required to be aggregated with TCF Financial as a member of a controlled group of corporations in accordance with IRC § 414(b), or as a trade or business under common control in accordance with IRC § 414(c). [The requirements of IRC §§ 414(b) and 414(c) shall be applied using the 80% standard specified therein for all purposes of the Plan, including, without limitation, for the purpose of determining whether a Participant has had a Separation from Service.] The term “Affiliated Group” means the Company and its Affiliates.
- (b) **Annual Bonus.** “Annual Bonus” is the annual cash bonus, if any, payable to an Eligible Employee under any annual bonus program of the Company that meets the requirements for performance-based compensation under IRC § 409A and the regulations thereunder.
- (c) **Change in Control.** “Change in Control” with respect to an Employer shall mean a change in ownership with respect to the Employer or TCF Financial Corporation (as defined in Treasury Regulation § 1.409A-3(i)(5)(v)), a change in effective control of TCF Financial Corporation (as defined in Treasury Regulation § 1.409A-3(i)(5)(vi)) provided, however, that the ownership percentage shall be 50%, or a change in the ownership of a substantial portion of the assets of the Employer or TCF Financial Corporation (as defined in Treasury Regulation § 1.409A-3(i)(5)(vii)).
- (d) **Commissions.** “Commissions” shall mean amounts payable to Eligible Employees and credited to them as “commissions” by their Employer in connection with products or services they have sold. Commissions include any draw paid as an advance against Commissions.

- (e) **Committee.** The Compensation Committee of the Board of Directors of TCF Financial Corporation (“TCF Financial”), or a special sub-committee thereof, which shall consist only of individuals who qualify as independent directors under Rule 303A of the listing standards of the NYSE as applicable to compensation committee members, as non-employee directors under Rule 16b-3 of the Securities and Exchange Commission and as outside directors for purposes of IRC section 162(m) (“million dollar cap”).
- (f) **Covered Compensation.** “Covered Compensation” is any “Basic Compensation” as defined in the 401K Plan including such Compensation in excess of the limit on Basic Compensation under IRC § 401(a)(17) earned by a Participant in any Plan Year, and also including any amounts which would have been Basic Compensation (disregarding any limit on Basic Compensation under IRC § 401(a)(17) in such Plan Year) except that such Participant authorized the Employer before the beginning of the Plan Year in which such Compensation was earned (or in the case of an Annual Bonus, six months prior to the end of the performance period) to defer such amounts which would otherwise be deferred under the 401K Plan to this Plan.
- (g) **Eligible Employee.** An “Eligible Employee” is an employee of an Employer who is designated as eligible to participate in this Plan in accordance with the provisions of Article III(a).
- (h) **Employer.** “Employer” means TCF Financial and each of its subsidiaries that constitutes an Affiliate.
- (i) **401K Plan.** The “401K Plan” is the TCF Employees’ Stock Purchase Plan as amended from time to time.
- (j) **IRC.** The “IRC” is the Internal Revenue Code of 1986, as amended.
- (k) **Participant.** A “Participant” is an Eligible Employee who has elected to participate in this Plan in accordance with the provisions of Article IV(a).
- (l) **Plan Administrator.** The “Plan Administrator” of this Plan is the Committee.
- (m) **Plan Year.** The “Plan Year” is the calendar year.
- (n) **Salary.** “Salary” is the Eligible Employee’s Covered Compensation, excluding Annual Bonus.
- (o) **SERP Employee Contributions.** “SERP Employee Contributions” is any portion of a Participant’s Covered Compensation which such employee has elected to have treated as SERP Employee Contributions under Article IV of this Plan.
- (p) **TCF Financial.** “TCF Financial” or “Company” is TCF Financial Corporation, a Delaware Corporation.
- (q) **TCF Financial Stock.** “TCF Financial Stock” is common stock of TCF Financial, par value \$.01 per share.

### III. Eligibility

- (a) **General Eligibility.** Employees of an Employer are eligible to participate in this Plan as determined by the Committee, in its discretion subject to the following:
  - (i) No employee shall be eligible to participate in this Plan unless the Committee determines that such employee will be for that Plan Year a member of “a select group of management or highly compensated employees” within the meaning of §§ 201(2), 301(a)(3) and 401(a)(1) of ERISA.
  - (ii) The Committee shall select such employees for eligibility in this Plan on a Plan Year by Plan Year basis by promulgating a written statement describing or listing such Eligible Employees. Selection for one Plan Year does not entitle the employee to be selected the next Plan Year. An employee who has been selected by the Committee shall, however, be presumed to be selected for the subsequent Plan Year unless and until the Committee evidences a contrary intention.

Notwithstanding the foregoing, no employee shall be eligible for benefits under this Plan with respect to a particular Plan Year if the employee is not also an Active Participant in the 401K Plan for that year. Individuals who become employees of an Employer as a result of a merger or acquisition shall not be eligible to participate under this Plan unless and until the Committee has identified them as Eligible Employees pursuant to this section (a).

- (b) **Specific Exclusions.** Notwithstanding anything apparently to the contrary in the Plan document or in any written communication, summary, resolution or document or oral communication, no individual shall be an Eligible Employee in this Plan, develop benefits under this Plan or be entitled to receive benefits under this Plan (either for himself or herself or his or her survivors) unless such individual is a member of “a select group of management or highly compensated employees” within the meaning of §§ 201(2), 301(a)(3) and 401(a)(1) of ERISA. If a court of competent jurisdiction, any representative of the U.S. Department of Labor or any other governmental, regulatory or similar body makes any direct or indirect, formal or informal, determination that an individual is not in “a select group of management or highly compensated employees” within the meaning of §§ 201(2), 301(a)(3) and 401(a)(1) of ERISA, such individual shall no longer be an Eligible Employee in this Plan.

#### IV. Supplemental Benefits Related to the 401K Plan.

- (a) **SERP Employee Contributions.** An Eligible Employee may elect to decline to participate in the Plan for a Plan Year; such election, which shall remain irrevocable for the Plan Year, must be made no later than the date an election to defer compensation under this Plan is required, as set forth in this Section IV(a). An Eligible Employee who elects to participate in this Plan for the Plan Year will defer compensation under this Plan in an amount that equals the amount that exceeds limitations on such Employee's contributions to the 401K Plan imposed by the 401K Plan to effectuate the requirements of IRC §§ 401(a)(17), 401(k)(3), 401(m)(2), 402(g) and 415 (the "IRC Limitations") provided that:

(i) Prior to the beginning of each Plan Year, an Eligible Employee who elects to participate in this Plan for the Plan Year authorizes the Employer to reduce the Participant's compensation by the amount by which such Employee's Salary and/or Commission deferral contribution elected under the 401K Plan is limited by the IRC Limitations, and credit such amount to the Participant's account under this Plan as the Employee's SERP Employee Contributions for the Plan Year.

(ii) Prior to June 30 of each Plan Year, an Eligible Employee who elects to participate in this Plan for the Plan Year authorizes the Employer to reduce the Participant's Annual Bonus by the amount by which such Employee's Annual Bonus contribution elected under the 401K Plan is limited by the IRC Limitations, and credit such amount to the Participant's account under this Plan as the Employee's SERP Employee Contributions for the Plan Year.

For each Plan Year an Eligible Employee elects to participate in this Plan and as a condition to receiving benefits from this Plan for that year, the Employee shall, prior to the first day of the Plan Year, irrevocably agree: (i) to make pre-tax contributions to the 401K Plan equal to the maximum amount permitted under the 401K Plan and (ii) not to make changes to pre-tax contributions to the 401K Plan at any time during such Plan Year.

Any election by an Eligible Employee of SERP Employee Contributions pursuant to this section (a) shall be in writing, shall be made prior to the beginning of the Plan Year in which the services are performed (or with respect to the Annual Bonus, the date the election is required under paragraph (ii), above), shall be irrevocable when received by the Employer, and shall be applicable to all Covered Compensation earned during such Plan Year. Employees who first become Eligible Employees after the beginning of the Plan Year may elect to participate in this Plan within thirty (30) days after becoming Eligible Employees provided such election only applies to Salary and/or Commissions earned after the election is received by the Employer. This election shall not be available to an Employee who has previously been eligible to participate in any other plan maintained by a member of the Affiliated Group that is required to be aggregated with this Plan under Treasury Regulation § 1.409A-1(c). For purposes of the Annual Bonus, such election only applies to total bonus compensation for the performance period for such Bonus, multiplied by the ratio of the number of days remaining in the performance period after the election is made over the total number of days in the performance period.

Notwithstanding the foregoing, any increase or decrease in a Participant's SERP Employee Contributions for a taxable year that results from the Participant's action or inaction under the 401K Plan with respect to pre-tax contributions subject to the contribution restrictions under IRC §§ 401(a)(30) or 402(g), including an adjustment to a deferral election under the 401K Plan, shall not exceed the limit with respect to elective deferrals under IRC § 402(g)(1)(A), (B), and (C) in effect for the taxable year in which such action or inaction occurs.

- (b) **Employer Matching Contributions.** At the same time as an amount of SERP Employee Contributions is deferred under paragraph (a), the Employer shall also credit to the Participant's account under this Plan the amount of Employer Matching Contribution that would be due under the 401K Plan with respect to (i) such SERP Employee Contributions if they had been contributed as pre-tax elective deferrals under the 401K Plan, and (ii) such pre-tax elective deferrals under the 401K Plan with respect to which no Employer Matching Contributions were made under the 401K Plan due to the application of IRC Limitations. No Participant in the Plan shall be credited with Employer Matching Contributions with respect to pre-tax deferrals (to this Plan and the 401K Plan, combined) that exceed 5% of the Participant's Covered Compensation for each payroll period.

Notwithstanding the foregoing, in no event shall the sum of a Participant's Matching Contributions exceed 100% of the matching contribution the Participant would have received under the 401K Plan, absent any plan-based restrictions that reflect limits on qualified plan contributions under the Internal Revenue Code.

For purposes of determining the amount of Employer Matching Contributions, no more than \$300,000 of a Participant's Commissions payable during the Plan Year shall be included in Covered Compensation.

- (c) **Establishing Accounts; Investment of Accounts; Valuation of Accounts.** On the date that a Contribution under paragraph (a) or (b) would be paid to the 401K Plan if it were a contribution to that Plan (the "contribution date"), the amount of such Contribution shall be credited to an account on the books of the Employer and shall be deemed as of such date to be invested as directed by the Participant. SERP Employee contributions shall be deemed to be invested in such investment fund options available under the 401K Plan or in TCF Financial Stock, as elected by the Participant. Employer Matching Contributions will be deemed invested in TCF Financial Stock. Actual or notional earnings from such deemed investments shall be credited to the Participant's account at least annually.

Each Participant's account in the Plan shall be divided into two sub-accounts: a "TCF Stock Account" and a "Diversified Account." All shares of common stock of TCF Financial that are deemed to be held in a Participant's account on the Effective Date shall be allocated as of that date to the participant's TCF Stock Account. Any new amounts credited to a Participant's account on or after the Effective Date shall be allocated to either the Participant's TCF Stock Account or Diversified Account. The Sub-Accounts shall operate as follows:

- (i) The TCF Stock Account shall be deemed to be invested solely in shares of TCF Financial Stock (and in cash or cash equivalent money market funds for fractional shares or for funds held temporarily prior to investment). The Diversified Account shall not at any time be deemed to be invested in any shares of TCF Stock. No transfer of assets will be permitted from the TCF Stock Account to the Diversified Account or from the Diversified Account to the TCF Stock Account.
- (ii) A Participant's TCF Stock Account will be deemed to be invested in all shares of TCF Financial Stock allocated to it on or after the Effective Date and such shares shall not be subject to any deemed sale, transfer, assignment, pledge or other hypothecation in any manner. Any distributions from the Plan to the participant with respect to the TCF Stock Account will be made in the form of an in-kind distribution of the number of shares of TCF Financial Stock deemed to be held for such Participant's TCF Stock Account pursuant to the terms of the Plan.
- (iii) The Diversified Account shall not at any time be deemed to purchase or invest in any shares of TCF Financial Stock, but shall be deemed to invest in such investment funds as may be approved by the Committee and as the participant directs.
- (iv) The portion of the Participant's account that is deemed to be invested in TCF Financial Stock shall be increased to reflect the number of shares of TCF Financial Stock deemed to be purchased as of each future contribution date (including any fractional shares), and shall be further adjusted to reflect any stock splits or other similar events involving a change in the number or form of outstanding shares of TCF Financial Stock. Adjustments shall be determined in each case by the Committee and the Committee's determination shall be final. The balance of shares of TCF Financial Stock shall in no event be decreased.
- (v) If any dividends are paid with respect to TCF Financial Stock, then in lieu of any adjustments to the Participants' accounts under the Plan, an amount shall be paid in cash (or in stock, if the dividend is in stock, provided that stock splits in the nature of a stock dividend shall not be distributed) directly to the Participant whose account would otherwise be deemed to be due the deemed dividend and the Participant's account shall not be credited with the deemed dividend. Such dividends shall be paid by a date not later than the 15th day of the third month following the calendar year for which the credited to the Participant's account. The time and form of payment of such dividends is treated separately from the time and form of payment of the underlying deferred compensation.

- (vi) In the event of a Change in Control and the Company is not the surviving corporation, a Participant will be given the opportunity to elect out of TCF Stock and into one or more investment fund options then provided under the 401K Plan.

(d) **Distributions from Accounts.**

- (i) **General Distribution Rules for Pre-2017 Account.** Except as provided in (iii), below, a Participant shall receive payment of his or her entire vested TCF Stock Account and Diversified Account consisting of SERP Employee Contributions and Employer Matching Contributions for Plan Years beginning prior to January 1, 2017, and deemed earnings on such Contributions ("Pre-2017 Account") in a single lump sum distribution (less applicable withholding) on the first to occur of the following in accordance with Appendix B:
- (A) **Separation from Service.** Payment shall be made during the 90 day period commencing six months after the Participant's Separation from Service with the Affiliated Group as defined in Treasury Regulation § 1.409A-1(h). If Separation from Service occurs as a result of death, payment shall be made within 90 days following the Participant's death.
- (B) **Disability (Disabled).** In the event of Disability, payment shall be made 30 days after such Disability occurs. For purposes of this section, a Participant is considered Disabled if he or she is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under the long-term disability plan of the Participant's Employer.
- (C) **Date Certain.** To the extent permitted through administrative procedures adopted by the Plan Administrator, in its sole discretion, payment shall be made on a date specified by the Participant on or before the date 30 days after the Employee first becomes eligible for this Plan (and any other plan maintained by a member of the Affiliated Group that is required to be aggregated with this Plan under Treasury Regulation § 1.409A-1(c)). This provision shall not apply to any amounts attributable to SERP Employee Contributions or Employer Matching Contribution credited after the specified date.
- (D) **Change in Control.** To the extent permitted through administrative procedures adopted by the Plan Administrator, in its sole discretion, if designated by a one-time irrevocable election by the Participant made on or before the date 30 days after the Employee first becomes eligible for this Plan (and any other any other plan maintained by a member of the Affiliated Group that is required to be aggregated with this Plan under Treasury Regulation § 1.409A-1(c)), in the event of a Change in Control, the lump sum payment shall occur on or about 30 days after the date one year after the Change in Control.
- (E) **Unforeseeable Emergency.** In the event of an unforeseeable emergency, as defined in IRC § 409A and the regulations thereunder, payment shall be made within 90 days following the Committee's determination that an unforeseeable emergency has occurred. Payment shall be limited to the amount reasonably necessary to satisfy the emergency. However, the amount of the payment may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably expected to result from the payment.
- (ii) **General Distribution Rules for Post-2016 Account.** A Participant shall commence receiving payment of his or her vested TCF Stock Account and Diversified Account consisting of SERP Employee Contributions and Employer Matching Contributions for Plan Years beginning on or after January 1, 2017, and deemed earnings on such Contributions ("Post-2016 Account") on the first to occur of the events or dates described in (i)(A), (B), (C), (D), or (E) above, and shall receive his or her entire Post-2016 Account in a lump sum payment in accordance with Appendix B; provided, however, that a Participant may elect that SERP Employee Contributions and Employer Matching Contributions for any Plan Year beginning on or after January 1, 2017 (and deemed earnings on such Contributions) that are made on account of Separation from Service pursuant to (i)(A), above, be made in installments over a period of five or ten years ("Post-2017 Installment Payments"), with the first installment payment made on the on the earlier of the first February 15<sup>th</sup> or August 15<sup>th</sup> that follows the date that is six months after the Participant's Separation from Service. Such election must be made in accordance with administrative procedures established by the Plan Administrator, and must be made no later than, and shall become irrevocable on, the December 31<sup>st</sup>

immediately preceding the Plan Year to which the election applies, and, in the absence of a proper and timely election of the form of payment, the Participant will receive payment in a lump sum.

- (iii) Special Election Window for Pre-2017 Account. A Participant shall be paid his or her Pre-2017 Account in accordance with subsection (i), above, provided however, that an eligible Participant may elect no later than December 31, 2016, on which date such election shall become irrevocable, to have all or a portion of his or her Pre-2017 Account paid in five annual installments ("Pre-2017 Installments") commencing on the earlier of the first February 15<sup>th</sup> or August 15<sup>th</sup> that follows the five-year anniversary of the date that is six months after the Participant's Separation from Service. The Plan Administrator may, in its discretion, determine which Participant or Participants are eligible to make an election under this Article IV(d)(iii).
- (iv) Acceleration of Small Benefits. Notwithstanding anything in this Article IV(d) or Appendix B to the contrary, if the value of a Participant's Accounts under the Plan and his or her benefit under any other plan, to the extent such benefit or plan is required to be aggregated with the Plan under Treasury Regulation § 1.409A-1(c)(2), is no more than the limit then in effect under IRC § 402(g)(1)(B), the Plan Administrator, in its sole discretion, which shall be exercised in writing prior to any payment under this Article IV(d)(iv), may cause a lump sum payment of the Participant's Accounts to the Participant at any time. The lump-sum payment will be made only if the payment would result in a distribution of the entire value of the Participant's Accounts and the Participant is not entitled to any further benefit under this Plan or under any other plan, to the extent such benefit or plan is required to be aggregated with the Plan under Treasury Regulation § 1.409A-1(c)(2).
- (v) Lump Sum Payment of Benefits. Notwithstanding a Participant's election under Article IV(d)(ii), if the value of the Participant's Accounts that are to be paid in Post-2016 Installments, determined as of the date that is 30 days prior to date that a Post-2016 Installment payment is to be made for the year, is no more than \$50,000, the entire value of the Participant's Accounts to be paid in Post-2016 Installments instead shall be paid in a single lump sum on the scheduled Post-2016 Installment payment date for that year. Similarly, and notwithstanding a Participant's election under Article IV(d)(iii), if the value of the Participant's Accounts that are to be paid in Pre-2017 Installments, determined as of the date that is 30 days prior to date that a Pre-2017 Installment payment is to be made for the year, is no more than \$50,000, the entire value of the Participant's Accounts to be paid in Pre-2017 Installments instead shall be paid in a single lump sum on the scheduled Pre-2017 Installment payment date for that year.
- (vi) Withholding. All payments shall be made net of any applicable withholding of taxes, in accordance with Appendix B.
- (e) **Cancellation of Deferrals Following an Unforeseeable Emergency or Hardship Distribution.**

A Participant's deferral election shall be cancelled with respect to Covered Compensation earned after receipt of a hardship distribution pursuant to Treasury Regulation § 1.401(k)-1(d)(3) or an unforeseeable emergency distribution under Article IV(d)(v) of this Plan. Participants may not restart contributions to this Plan pursuant to Article IV(a) until the first day of the first Plan Year that begins at least six months after receipt of the hardship distribution or unforeseeable emergency distribution.

## **V. Vesting.**

A Participant shall be entitled to a benefit from the Employer Matching Contributions equal to his or her account balance attributable to such Contributions multiplied by the vesting percentage determined under the 401K Plan that is applicable to the Participant under the 401K Plan. In the event the Participant forfeits a portion of the account, and is subsequently reemployed, the forfeited portion shall be reinstated in the same manner as provided under the 401K Plan. Notwithstanding the foregoing, Participants with an account balance in the Plan on March 31, 2006 shall be subject to the vesting provisions of the Plan in effect on that date.

## **VI. Committee.**

The Committee shall have full power to construe, interpret and administer this Plan, including to make any determination required under this Plan and to make such rules and regulations as it deems advisable for the operation of this Plan. The Committee shall have sole and absolute discretion in the performance of their powers and duties under this Plan. A majority of the Committee shall constitute a quorum. Actions of the Committee shall be by a majority of persons constituting a quorum and eligible to vote on an issue. Meetings may be held in person or by telephone. Action by the Committee may be taken in writing without a meeting provided such action is executed by all members of the Committee. To the extent it is feasible to do so, determinations, rules and regulations of the Committee under this Plan shall be consistent with similar determinations, rules and regulations of the 401K Plan. All determinations of the Committee shall be final, conclusive and binding unless found by a court of competent jurisdiction to have been arbitrary and capricious. The Committee shall have authority to designate officers of TCF Financial and to delegate authority to such officers to receive documents which are required to be filed with the Committee, to execute and provide directions to the Trustee and other administrators, and to do such other actions as the Committee may specify on its behalf, and any such actions undertaken by such officers shall be deemed to have the same authority and effect as if done by the Committee itself.

## **VII. Benefits Unfunded.**

The rights of beneficiaries, survivors and participants to benefits from this Plan are solely as unsecured creditors of their Employers. Benefits payable under this Plan shall be payable from the general assets of the Employers and there shall be no trust fund or other assets secured for the payment of such benefits. In its discretion, an Employer may purchase or set aside assets, including annuity policies or through use of a grantor trust, to provide for the payment of benefits hereunder but such assets shall in all cases remain assets of the Employer and subject to the claims of the Employer's creditors. This Plan constitutes a mere promise by the Employers to make benefit payments in the future, and it is intended to be unfunded for tax purposes and for purposes of Title I of ERISA.

## **VIII. Beneficiaries and Survivors.**

A Participant's beneficiary or survivor under Article IV of this Plan shall be the same as the person(s) designated as such pursuant to or under the provisions of the 401K Plan, unless the employee has designated in writing and filed with the Committee a different beneficiary for this Plan.

## **IX. Amendments, Claims Procedure**

- (a) **In General.** The Committee may amend the Plan prospectively, retroactively or both, at any time and for any reason deemed sufficient by it without notice to any person affected by this Plan and may likewise terminate this Plan as provided in Article X with regard to persons expecting to receive benefits in the future. The benefit, if any, payable to or with respect to a Participant as of the effective date of such amendment or the effective date of such termination shall not be, without the knowing and voluntary written consent of the Participant (which consent shall only be effective to the extent it does not result in the imposition of an excise tax on the Participant under IRC § 409A), diminished or delayed by such amendment or termination.
- (b) **After a Change-in-Control.** Notwithstanding the provisions of Article IX(a), after the occurrence of a Change-in-Control, the Committee's authority to amend the Plan or terminate the Plan as provided in section (a) shall be subject to the following limitations.
  - (i) **Existing Participants.** During the two year period following the date a Change-in-Control with respect to TCF Financial occurs, the Committee may only amend the Plan or terminate this Plan as applied to Participants who are Participants immediately preceding the date of the Change-in-Control if:
    - (1) all benefits payable to or with respect to persons who were Participants as of the Change-in-Control (including benefits earned before and benefits earned after the Change-in-Control) have been paid in full prior to the adoption of the amendment or termination, or
    - (2) eighty (80) percent of all the Participants determined as of the date of the Change-in-Control give knowing and voluntary written consent to such amendment or termination (which consent shall only be effective to the extent it does not result in the imposition of an excise tax on any Participant under IRC § 409A).

- (ii) New Participants. After the occurrence of a Change-in-Control, as applied to Participants who are not Participants immediately preceding the date of the Change-in-Control, the Committee may amend or terminate the Plan prospectively, retroactively or both, at any time and for any reason deemed sufficiently by it without notice to any person affected by this Plan and may likewise terminate this Plan, subject to the same restrictions as IX(a).
- (c) Claims Procedures. If a Participant, or beneficiary or survivor thereof, wishes to make a claim for benefits or disagrees with a determination of the Committee, such person may file a claim and make such appeals in the same manner as permitted under the 401K Plan. The claims shall then be processed as provided for claims under the 401K Plan, except that all determinations which would be made by the "Company" under such Plans shall be made by the Committee instead.

#### **X. Plan Termination.**

The Committee in its discretion may terminate the Plan and may accelerate distribution of Participant account balances to such time as the Committee shall determine notwithstanding the provisions of Article IV(d) in accordance with one of the following:

- (i) The Plan may be terminated within 12 months of a corporate dissolution of TCF Financial taxed under IRC § 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. 503(b)(1)A), provided that the amounts deferred under the Plan are included in the Participant's gross income in the latest of—
  - (1) The calendar year in which the plan termination and liquidation occurs;
  - (2) The first calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or
  - (3) The first calendar year in which the payment is administratively practicable.
- (ii) The Plan may be terminated pursuant to irrevocable action taken by the Employer within the 30 days preceding or the 12 months following a Change in Control event with respect to TCF Financial. However, any such termination within the 12 months after such a Change in Control shall require the consent of 80% of the participants as required in Article IX (which consent shall only be effective to the extent it does not result in the imposition of an excise tax on any Participant under IRC § 409A). For purposes of this paragraph this Plan will be treated as terminated only if all plans sponsored by the Affiliated Group immediately after the time of the Change in Control that are required to be aggregated with this Plan under Treasury Regulation § 1.409A-1(c) are terminated, so that each Participant in the Plan and all participants under substantially similar arrangements who experienced the Change in Control event are required to receive all amounts of compensation deferred under the terminated arrangements within 12 months of the date the Employer irrevocably takes all necessary action to terminate and liquidate all of such plans. Solely for purposes of this paragraph (ii), the Employer with the discretion to terminate the Plan is the service recipient that is primarily liable immediately after the Change in Control event for the payment of the deferred compensation.
- (iii) The Plan may be terminated for any other reason, provided that:
  - (1) the termination does not occur proximate to a downturn in the financial health of the Affiliated Group;
  - (2) all plans sponsored by the Affiliated Group that would be required to be aggregated with this Plan under Treasury Regulation § 1.409A-1(c) if the same Employee had deferrals of compensation under all of the plans are terminated and liquidated with respect to all Participants;
  - (3) no payments other than those otherwise payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination of the Plan,
  - (4) all payments are made within 24 months of the termination of the Plan, and
  - (5) no member of the Affiliated Group adopts a new plan that would be aggregated with any of the terminated plans under Treasury Regulation § 1.409A-1(c) at any time for a period of three years following the date of termination of the Plan.
- (iv) Such other events and conditions as the Commissioner may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.



**XI. Miscellaneous.**

- (a) Notices under this Plan to the Employer, TCF Financial or the Committee shall be sent by Certified Mail, Return Receipt Requested to: Compensation Committee, TCF Financial Corporation, c/o General Counsel, TCF Financial Corporation, 200 Lake Street East, Wayzata, MN 55391. Notices under this Plan to Eligible Employees or their beneficiaries or survivors shall be sent by Certified Mail to the last known address for such person(s) on the books and records of the Employer, by Certified Mail.
- (b) Nothing in this Plan shall change a Participant's status to anything other than an employee "at will" or otherwise enlarge or modify such Employee's employment rights or benefits other than as provided herein.
- (c) Nothing in this Plan shall abridge a Participant's rights, or such Employee's beneficiary's or survivor's rights, of participation in the 401K Plan except to the extent the Eligible Employee agrees to such restrictions.
- (d) Expenses of administering the Plan shall be borne by the Employers in proportion to their share of Participants in this Plan, provided that an Employees' Accounts may reflect deemed transaction costs of acquiring or selling TCF Financial Stock.
- (e) A Participant's benefits under this Plan may not be assigned, transferred, pledged or otherwise hypothecated by said Employee or the beneficiary or survivor thereof.

**XII. Number of Shares under the Plan/Adjustments for Certain Changes in Capitalization**

As of December 31, 2006, 140,862 shares of TCF Financial Stock were credited to Participant accounts. On and after January 1, 2006, no more than an additional 3.0 million shares of TCF Financial Stock may be credited to Participant accounts, except that any share credits to a Participant which are forfeited pursuant to Article (V) may again be credited under the Plan.

If the Company shall at any time increase or decrease the number of its outstanding shares of Company common stock or change in any way the rights and privileges of such shares by means of the payment of a stock dividend or any other distribution upon such shares payable in Company common stock, or through a stock split, subdivision, consolidation, combination, reclassification, or recapitalization involving the Company common stock, then the numbers, rights and privileges of the shares of Company common stock that are and may be credited under the Plan shall be increased, decreased, or changed in like manner as if such shares had been issued and outstanding, fully paid, and non-assessable at the time of such occurrence.

**APPENDIX A RE: IRS NOTICE 2000-56**

Notwithstanding anything to the contrary in the Plan or any trust agreement for any related grantor trust established by an Employer (the "Trust"), TCF Financial stock or other assets contributed to the Trust by TCF Financial or any other Employer for the benefit of employees or service providers of TCF Financial or such Employer are subject to the claims of creditors (in the event of insolvency) of both TCF Financial and such Employer. In addition, such stock and assets are subject to the claims of creditors (in the event of insolvency) of any Employer from which benefits are due to a participant or beneficiary under the terms of the Plan. Nothing in this Appendix, however, shall relieve any Employer of its obligation to pay any benefits due from the Employer to a participant or beneficiary under the terms of the Plan.

Notwithstanding anything to the contrary in the Plan or Trust, any TCF Financial stock or other assets not transferred to an Employer's employees or their beneficiaries will revert to TCF Financial upon termination of the Trust.

**APPENDIX B**  
**DISTRIBUTION PROCEDURES**

**Timing of Distribution (Lump Sum).**

- Lump Sum – payable during the 90 day period commencing six months after the employee's Separation from Service.

**Form of Distribution – Stock or Cash**

All distributions from a TCF Stock Account are in the form of TCF Financial Stock plus cash for any fractional share, less tax withholding. Distributions from a Diversified Account shall be in the form of cash.

**Tax Withholding**

The minimum required income tax withholding will be automatically deducted from each distribution unless the employee elects otherwise no less than 30 days prior to distribution. The withholding will be deducted first from the Diversified Plan Account balances, then from the TCF Financial Stock Account balances. Alternatively, participants may pay the withholding by check in lieu of a deduction from the distribution if they so elect at least 30 days prior to distribution if they elect at least 30 days prior to distribution.

Distributions will be sent by U.S. Mail to the recipient's home address on file with the TCF Legal Department unless the recipient has provided other delivery instructions in writing. If the recipient has a stock brokerage account, distributions can be sent to it electronically.

These procedures are subject to interpretation and application by the Committee, whose interpretation is final.

**Section 5: EX-12.(A) (EXHIBIT 12.(A))**

**Exhibit 12(a)**

**Consolidated Ratios of Earnings to Fixed Charges**

	Year Ended December 31,				
(Dollars in thousands)	2016	2015	2014	2013	2012

Earnings:<sup>(1)</sup>

Income (loss) before income tax expense (benefit)	\$	338,245	\$	314,695	\$	281,382	\$	243,045	\$	(339,555)
Fixed charges		94,635		83,464		70,145		73,726		116,471
Other adjustments <sup>(2)</sup>		(9,641)		(8,777)		(7,487)		(6,920)		(6,070)
Total earnings (loss) (a)	\$	423,239	\$	389,382	\$	344,040	\$	309,851	\$	(229,154)

Fixed charges:<sup>(1)</sup>

Interest on deposits	\$	61,788	\$	48,226	\$	38,385	\$	36,604	\$	40,987
Interest on borrowings		20,836		23,316		20,215		25,312		63,617
Interest portion of rental expense <sup>(3)</sup>		11,830		11,707		11,349		11,785		11,847
Other adjustments <sup>(4)</sup>		181		215		196		25		20
Total fixed charges (b)	\$	94,635	\$	83,464	\$	70,145	\$	73,726	\$	116,471

Ratio of earnings to fixed charges (a/b)<sup>(5)</sup>

4.47x                      4.67x                      4.90x                      4.20x                      —

## Earnings, excluding interest on deposits:

Total earnings (loss)	\$	423,239	\$	389,382	\$	344,040	\$	309,851	\$	(229,154)
Less: Interest on deposits		61,788		48,226		38,385		36,604		40,987
Total earnings (loss) excluding interest on deposits (c)	\$	361,451	\$	341,156	\$	305,655	\$	273,247	\$	(270,141)

## Fixed charges, excluding interest on deposits:

Total fixed charges	\$	94,635	\$	83,464	\$	70,145	\$	73,726	\$	116,471
Less: Interest on deposits		61,788		48,226		38,385		36,604		40,987
Total fixed charges, excluding interest on deposits (d)	\$	32,847	\$	35,238	\$	31,760	\$	37,122	\$	75,484

Ratio of earnings to fixed charges, excluding interest on deposits (c/d)<sup>(5)(6)</sup>

11.00x                      9.68x                      9.62x                      7.36x                      —

(1) As defined in Item 503(d) of Regulation S-K.

(2) For purposes of the "earnings" computation, other adjustments include adding the amortization of capitalized interest and subtracting interest capitalized and income attributable to non-controlling interests.

(3) The appropriate portion of rental expense (generally one-third) deemed representative of the interest factor.

(4) For purposes of the "fixed charges" computation, other adjustments include capitalized interest costs.

(5) Earnings for the year ended December 31, 2012 were inadequate to cover fixed charges. Additional earnings of \$345.6 million would have been needed to bring both the ratio of earnings to fixed charges and the ratio of earnings to fixed charges, excluding interest on deposits, to 1.0.

(6) The ratio of earnings to fixed charges, excluding interest on deposits, is being provided as an additional measure to provide comparability to the ratios disclosed by all other issuers of debt securities.

[\(Back To Top\)](#)

## Section 6: EX-12.(B) (EXHIBIT 12.(B))

Exhibit 12(b)

### Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock Dividends

(Dollars in thousands)	Year Ended December 31,									
	2016	2015	2014	2013	2012					
Earnings: <sup>(1)</sup>										
Income (loss) before income tax expense (benefit)	\$	338,245	\$	314,695	\$	281,382	\$	243,045	\$	(339,555)
Fixed charges and preferred stock dividends		124,745		113,692		100,832		103,849		125,309
Preferred stock dividends <sup>(2)</sup>		(30,110)		(30,228)		(30,687)		(30,123)		(8,838)
Other adjustments <sup>(3)</sup>		(9,641)		(8,777)		(7,487)		(6,920)		(6,070)
Total earnings (loss) (a)	\$	423,239	\$	389,382	\$	344,040	\$	309,851	\$	(229,154)

Fixed charges and preferred stock dividends:<sup>(1)</sup>

Interest on deposits	\$	61,788	\$	48,226	\$	38,385	\$	36,604	\$	40,987
Interest on borrowings		20,836		23,316		20,215		25,312		63,617
Interest portion of rental expense <sup>(4)</sup>		11,830		11,707		11,349		11,785		11,847
Preferred stock dividends <sup>(2)</sup>		30,110		30,228		30,687		30,123		8,838
Other adjustments <sup>(5)</sup>		181		215		196		25		20
<b>Total fixed charges and preferred stock dividends (b)</b>	<b>\$</b>	<b>124,745</b>	<b>\$</b>	<b>113,692</b>	<b>\$</b>	<b>100,832</b>	<b>\$</b>	<b>103,849</b>	<b>\$</b>	<b>125,309</b>

Ratio of earnings to fixed charges and preferred stock dividends (a/b)<sup>(6)</sup>

3.39x                      3.42x                      3.41x                      2.98x                      —

## Earnings, excluding interest on deposits:

Total earnings (loss)	\$	423,239	\$	389,382	\$	344,040	\$	309,851	\$	(229,154)
Less: Interest on deposits		61,788		48,226		38,385		36,604		40,987
<b>Total earnings (loss) excluding interest on deposits (c)</b>	<b>\$</b>	<b>361,451</b>	<b>\$</b>	<b>341,156</b>	<b>\$</b>	<b>305,655</b>	<b>\$</b>	<b>273,247</b>	<b>\$</b>	<b>(270,141)</b>

## Fixed charges and preferred stock dividends, excluding interest on deposits:

Total fixed charges and preferred stock dividends	\$	124,745	\$	113,692	\$	100,832	\$	103,849	\$	125,309
Less: Interest on deposits		61,788		48,226		38,385		36,604		40,987
<b>Total fixed charges and preferred stock dividends, excluding interest on deposits (d)</b>	<b>\$</b>	<b>62,957</b>	<b>\$</b>	<b>65,466</b>	<b>\$</b>	<b>62,447</b>	<b>\$</b>	<b>67,245</b>	<b>\$</b>	<b>84,322</b>

Ratio of earnings to fixed charges and preferred stock dividends, excluding interest on deposits (c/d)<sup>(6)(7)</sup>

5.74x                      5.21x                      4.89x                      4.06x                      —

(1) As defined in Item 503 (d) of Regulation S-K.

(2) Preferred stock dividends represents the pre-tax earnings that would be required to cover such dividend requirements.

(3) For purposes of the "earnings" computation, other adjustments include adding the amortization of capitalized interest and subtracting interest capitalized and income attributable to non-controlling interests.

(4) The appropriate portion of rental expense (generally one-third) deemed representative of the interest factor.

(5) For purposes of the "fixed charges" computation, other adjustments include capitalized interest costs.

(6) Earnings for the year ended December 31, 2012 were inadequate to cover fixed charges and preferred stock dividends. Additional earnings of \$354.5 million would have been needed to bring both the ratio of earnings to fixed charges and preferred stock dividends and the ratio of earnings to fixed charges and preferred stock dividends, excluding interest on deposits, to 1.0.

(7) The ratio of earnings to fixed charges and preferred stock dividends, excluding interest on deposits, is being provided as an additional measure to provide comparability to the ratios disclosed by all other issuers of debt securities.

[\(Back To Top\)](#)

## Section 7: EX-21 (EXHIBIT 21)

Exhibit 21

**TCF FINANCIAL CORPORATION**  
**Subsidiaries of Registrant**  
**As of December 31, 2016**

Subsidiary	State of Incorporation	Names under which Subsidiary Does Business
Gateway One Lending & Finance, LLC	Delaware	Gateway One Lending & Finance, LLC
Great Lakes Mortgage LLC	Michigan	Great Lakes Mortgage LLC
Red Iron Acceptance, LLC	Delaware	Red Iron Acceptance, LLC
Service Corporation II	Michigan	Service Corporation II
TCF Agency, Inc.	Minnesota	TCF Agency, Inc.
TCF Agency Insurance Services, Inc.	Minnesota	TCF Agency Insurance Services, Inc.
TCF Auto Receivables, LLC	Delaware	TCF Auto Receivables, LLC
TCF Bank International, Inc.	Organized under Federal Law	TCF Bank International, Inc.
TCF Commercial Finance Canada, Inc.	Canadian Federal Corporation	TCF Commercial Finance Canada, Inc. Financement Commercial TCF Canada, Inc.

TCF Foundation	Minnesota	TCF Foundation
TCF Illinois Realty Investments, LLC	Minnesota	TCF Illinois Realty Investments, LLC
TCF International Management Services, LLC	Minnesota	TCF International Management Services, LLC
TCF International Operations, Inc.	Minnesota	TCF International Operations, Inc.
TCF Inventory Finance, Inc.	Minnesota	TCF Inventory Finance, Inc.
TCF Investments Management, Inc.	Minnesota	TCF Investments Management, Inc.
TCF Management Corporation	Minnesota	TCF Management Corporation TCF Real Estate Management (FL)
TCF National Bank	United States	TCF National Bank TCF Capital Funding (MN) TCF Equipment Finance (MN and CO)
TCF Portfolio Services, Inc.	Minnesota	TCF Portfolio Services, Inc.
TCFIF Joint Venture I, LLC	Minnesota	TCFIF Joint Venture I, LLC
Winthrop Resources Corporation	Minnesota	Winthrop Resources Corporation TCF Small Business Leasing
Winthrop Resources Holdings I, LLC	Minnesota	Winthrop Resources Holdings I, LLC

[\(Back To Top\)](#)

## Section 8: EX-23 (EXHIBIT 23)

Exhibit 23

### Consent of Independent Registered Public Accounting Firm

The Board of Directors

TCF Financial Corporation:

We consent to the incorporation by reference in the registration statement Nos. 33-43030, 33-14203, 33-72394 33-53986, 33-57633, 33-63767, 333-62792, 333-72394, 333-113748, 333-146741, 333-154929, 333-160237, 333-168893, 333-184675, 333-184676, 333-205796, and 333-208142 on Form S-8 and Nos. 333-56500, 333-152922, 333-156068, and 333-181741 on Form S-3 of TCF Financial Corporation of our reports dated February 21, 2017, with respect to the consolidated statements of financial condition of TCF Financial Corporation as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows, for each of the years in the three-year period ended December 31, 2016, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of TCF Financial Corporation.

/s/ KPMG LLP

Minneapolis, Minnesota  
February 21, 2017

[\(Back To Top\)](#)

## Section 9: EX-31.1 (EXHIBIT 31.1)

## CERTIFICATION

I, Craig R. Dahl, certify that:

1. I have reviewed this Annual Report on Form 10-K of TCF Financial Corporation for the year ended December 31, 2016;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2017

/s/ Craig R. Dahl

---

Craig R. Dahl

Vice Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

[\(Back To Top\)](#)

## Section 10: EX-31.2 (EXHIBIT 31.2)

I, Brian W. Maass, certify that:

1. I have reviewed this Annual Report on Form 10-K of TCF Financial Corporation for the year ended December 31, 2016;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2017

/s/ Brian W. Maass

---

Brian W. Maass

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

[\(Back To Top\)](#)

## Section 11: EX-32.1 (EXHIBIT 32.1)

**Exhibit 32.1**

TCF FINANCIAL CORPORATION  
STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Craig R. Dahl, Vice Chairman, President and Chief Executive Officer of TCF Financial Corporation, a Delaware corporation (the "Company"), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company's Annual Report on Form 10-K for the year

ended December 31, 2016 (the "Periodic Report");

2. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: February 21, 2017

/s/ Craig R. Dahl

Craig R. Dahl

Vice Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

- \* A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to TCF Financial Corporation and will be retained by TCF Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

[\(Back To Top\)](#)

## Section 12: EX-32.2 (EXHIBIT 32.2)

**Exhibit 32.2**

TCF FINANCIAL CORPORATION  
STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Brian W. Maass, Executive Vice President and Chief Financial Officer of TCF Financial Corporation, a Delaware corporation (the "Company"), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2016 (the "Periodic Report");
2. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: February 21, 2017

/s/ Brian W. Maass

Brian W. Maass

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

- \* A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to TCF Financial Corporation and will be retained by TCF Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

[\(Back To Top\)](#)