51 WEST 52ND STREET
NEW YORK, N.Y. 10019-6150
TELEPHONE: (212) 403 -1000
FACSIMILE: (212) 403 -2000

DIRECT DIAL: (212) 403-1330
DIRECT FAX: (212) 403-2330
E-MAIL: JAWATIKER@WLRK.COM

February 12, 2021

VIA E-Apps

R. Ryan Schilling
Banking Supervisor
Applications & Enforcement
Federal Reserve Bank of Cleveland
150 East Fourth Street
Cincinnati, Ohio 45202

Re: Application to the Federal Reserve by Huntington Bancshares Incorporated to Acquire TCF Financial Corporation – Response to the Additional Information Request dated February 2, 2021

Dear Mr. Schilling:

Please find attached our response (the "Response") to an additional information request, dated February 2, 2021, concerning the application by Huntington Bancshares Incorporated ("Huntington"), requesting approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve") to acquire by merger TCF Financial Corporation ("TCF"), with Huntington as the surviving entity, pursuant to sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act. The Response has a Response-Public Version, a Response-Confidential Version, a Public Exhibits Volume and a Confidential Exhibits Volume.

Request for Confidential Treatment

Confidential treatment is respectfully requested under the federal Freedom of Information Act, 5 U.S.C. § 552, and the Federal Reserve's implementing regulations, for (a) the information in the Response-Confidential Version that is redacted from the Response-Public Version and (b) the information contained in the Confidential Exhibits Volume (together, the "Confidential Information"). The Confidential Information includes, for example, information regarding the business strategies and plans and pro forma financial information of Huntington, The Huntington National Bank ("Huntington Bank"), TCF and TCF National Bank ("TCF Bank"), and information regarding other matters of a similar nature. This information is not the type of information that would otherwise be made available to the public under any circumstances. All such information, if made public, could result in substantial and irreparable harm to Huntington, Huntington Bank, TCF and TCF Bank. Certain information in the Confidential Information also includes confidential supervisory information, which is protected from disclosure. In addition, potential investors could be influenced or misled by such information, which is not reported in any documents filed or to be filed in accordance with the disclosure requirements of applicable securities laws, as a result of which Huntington and TCF could be exposed to potential inadvertent violations of law or exposure to legal claims. Accordingly, confidential treatment is respectfully requested with respect to the Confidential Information under 5 U.S.C. §§ 552(b)(4) and (b)(8) and the Federal Reserve's implementing regulations. Please contact Richard K. Kim or me if this request for confidentiality cannot be honored for any reason, to allow Huntington, Huntington Bank, TCF and/or TCF Bank to take appropriate steps to protect such information from disclosure.

If you have any questions about this submission or confidential treatment request, please feel free to contact Richard K. Kim at 212/403-1354 or me at 212/403-1330.

Sincerely,

Jeffrey A. Watiker

Enclosures

Cc: Richard K. Kim

Response to Federal Reserve Additional Information Request dated February 2, 2021

Convenience and Needs

1. **Please discuss any modifications or enhancements to the current consumer compliance management systems of The Huntington National Bank ("Huntington Bank") or TCF National Bank ("TCF Bank") that will be implemented at the combined bank. Include any aspects of TCF Bank's consumer compliance management system that will be retained at the combined bank.**

Huntington is confident with the scalability of its current compliance program; but, will ensure that it has appropriate staffing to implement Huntington's current program in the combined organization. As part of the merger integration planning process, compliance professionals from Huntington and TCF have been meeting on a regular basis to identify (a) similarities and differences within their respective programs across the pillars of their Compliance Management Systems (CMS) and (b) specific and/or unique aspects of the TCF program that should be retained. [redacted]

2. **Indicate any current community development lending, investment, or service activities of Huntington Bank or TCF Bank that would be discontinued following the transaction.**

Huntington's and TCF's community development products and programs are going through a detailed mapping process discussed below in response to Item 5, which is well underway and is expected to be fully completed by the end of February. [redacted]

3. **Confirm whether the planned branch consolidations or closures would result in any changes to the current CRA assessment areas of Huntington Bank or TCF Bank.**

As outlined in Public Exhibit 10 of the Application, there will be no reduction in the current assessment areas of Huntington Bank or TCF Bank as a result of planned branch consolidations or closures. On consummation of the Proposed Transaction, Huntington Bank will continue to serve all of its current assessment areas and plans to expand it CRA assessment areas to include all of those currently served by TCF Bank.

4. **The application states that "Huntington Bank is taking care to mitigate, where possible, any potentially adverse effects of branch closure and consolidation actions." Please describe these efforts to mitigate potential adverse effects for branches in low- or moderate-income tracts that are slated for closure.**

Huntington believes the high degree of overlap and close proximity of Huntington and TCF branches helps mitigate potential adverse impacts of closures in low or moderate income tracts ("LMI"). The average drive time in minutes to the nearest surviving branch in LMI tracts is six minutes, with roughly half of them being less than three minutes away. [redacted]

5. **The application states that "Huntington is still in the process of evaluating TCF's products and services, and their terms, and mapping them to its own products and services in order to determine which, if any, products or services of TCF will be discontinued or changed." Please provide an update on this review process, and an anticipated timeframe for completion.**

A detailed product mapping process, leveraging data and product collateral supplied by TCF, is well underway and is expected to be fully completed by the end of February. The product mapping process is focused on selecting similar Huntington products to map TCF products based on features and functionality and identifying any gaps in product offerings or product features/functionality.

Financial Stability

Data referenced in this section are requested as of September 30, 2020.

6. **Provide a list of business lines and products in which Huntington plans to initiate new operations, or expand existing operations, subsequent to the closing of the acquisition.**

Subsequent to the closing of the acquisition, Huntington plans to continue, consistent with its strategic plan, its current strategy of increasing its technology and digital investments and to explore growth opportunities through organic expansion, strategic partnerships, and opportunistic acquisitions. As approved through Huntington's strategic planning process, growth strategies currently being pursued include:

[redacted]

[redacted]

Huntington's commitment to maintaining an aggregate moderate-to-low risk profile will not change as a result of the transaction.

7. How, if at all, would the proposed transaction increase financial stability risks of the United States banking or financial system? What steps does Huntington plan to take to mitigate such risks and vulnerabilities?

As discussed in the *Financial Stability Risk* section of the Application, the Proposed Transaction will not result in greater or more concentrated risks to the stability of the U.S. banking or financial system. The agencies, through approvals of bank and bank holding company acquisitions, have set forth several metrics that they believe capture the systemic "footprint" of the resulting banking organization and the incremental effect of the transaction on the systemic footprint of the acquiring banking organization ("Financial Stability Factors").[1] Many of the metrics considered by the Federal Reserve seek to measure an institution's activities relative to the U.S. financial system.

Size. Currently, Huntington accounts for approximately 0.61% of total domestic deposits of all insured banks and thrifts in the United States, as of September 30, 2020 ("nationwide deposits"),[2] and at most 0.57% of the total assets of the U.S. financial system.[3] The deposits of TCF account for less than 0.25% of total nationwide deposits.[4] The *pro forma* total assets of Huntington on consummation of the Proposed Transaction would amount to approximately $168 billion as of September 30, 2020, excluding purchase accounting impacts, which is approximately 0.79% of the total assets of the U.S. banking system and an even smaller share of the total assets of the U.S. financial system. This percentage is far less than the nationwide deposit concentrations of various bank holding companies in the United States classified as a globally systemically important bank ("GSIB"), for example: Bank of America – 11.26%; JPMC – 10.99%; Wells Fargo – 10.19%; and Citigroup – 4.26%.

On a *pro forma* basis, Huntington would only hold approximately 0.63% of total liabilities on a national basis, as of December 31, 2019.[5] This percentage is far less than

[1] *See Capital One Financial Corporation*, FRB Order No. 2012-2 (Feb. 14, 2012) (the "Capital One Order"). *See also BB&T Corporation*, FRB Order No. 2015-35 (Dec. 23, 2015); *CIT Group, Inc.*, FRB Order No. 2015-20 (July 19, 2015); *The PNC Financial Services Group, Inc.*, 98 Fed. Res. Bull. 16 (2012).

[2] As of September 30, 2020, according to the FDIC Statistics at a Glance, FDIC-insured banks and thrifts held $15,670 billion in domestic deposits.

[3] The amount of total assets of the U.S. financial system is conservatively approximated by using total assets of FDIC-insured banks and thrifts, as of September 30, 2020, which was $21,220 billion.

[4] If national deposit share is calculated according to the methodology for the 10% national deposit cap, Huntington held 0.86% of total U.S. adjusted deposits as of September 30, 2020, and TCF held 0.24%. Following its acquisition of TCF, Huntington's *pro forma* share of national deposits would be 1.10%.

[5] This percentage is estimated using the method of calculation in the Federal Reserve's Regulation XX, 12 CFR part 251, and assumes national liabilities of $21.2 trillion.

the nationwide liabilities concentrations of: Bank of America – 8.16%; JPMC – 7.14%; Wells Fargo – 5.65%; and Citigroup – 5.60%.

Substitutability. The substitutability factor recognizes that a banking organization is more systemically important if it provides important products and services that customers would have difficulty replacing if the banking organization were to fail. As discussed in the *Financial Stability Risk* section of the Application, TCF offers consumer and commercial banking, trust and wealth management, and specialty leasing and lending products and services to consumers, small businesses and commercial customers. Huntington plans to continue to offer all those products and services to the existing customers of TCF.

None of the products or services of Huntington or TCF be regarded as highly specialized or "critical" financial products or services that are available from only a small number of providers. Indeed, to the contrary, there are a large number of providers of each of their products and services nationally, regionally and, to the extent relevant, in the local banking markets in which they operate. For instance, there are over 5,000 competing depository institutions in the United States offering retail savings accounts, checking accounts and certificates of deposits ("CDs"), and more than 5,500 competing providers of residential mortgages, according to Home Mortgage Disclosure Act data. As of December 31, 2019, Huntington and TCF reported $17.5 billion and $5.0 billion, respectively, in assets under management – a fraction of the $74.9 trillion worldwide industry with neither company among the top 100 money managers according to *Pensions and Investments*. In addition, as described above, these services are generally considered by the Federal Reserve to be unconcentrated and national in scope, with numerous competitors.

Interconnectedness. As should be clear from the prior description, the Proposed Transaction would not materially increase the interconnectedness of the U.S. banking or financial system. Huntington does not currently engage in business activities or participate in markets to a degree that would pose significant risk to other institutions, in the event of financial distress of the combined entity. Moreover, following the Proposed Transaction, the combined organization would not constitute a critical services provider or be so interconnected with other firms or the markets that the combined entity would pose a significant risk to the financial system in the event of financial distress. TCF offers consumer and commercial banking, trust and wealth management, and specialty leasing and lending products and services to consumers, small businesses and commercial customers. The Proposed Transaction does not involve any significant wholesale funding, any material derivatives activities or any significant credit default swap activity. The Proposed Transaction, therefore, would not increase the interconnectedness of the combined organization in any meaningful manner.

Cross-Border Activity. Huntington's foreign banking activities, in total or within any individual country, are not significant. TCF has no locations or material operations outside the United States except for its inventory finance businesses in Australia, Canada and New Zealand, which are very modest in size. Therefore, the Proposed Transaction would add only a small amount of cross-border operations or activities to Huntington.

This limited increase in overseas activity would not create difficulties in coordinating any resolution and thereby significantly increase the risk to U.S. financial stability.

Complexity and Resolution. The Proposed Transaction would not contribute to the overall complexity of the U.S. banking or financial system. As noted, the Proposed Transaction does not involve the purchase or assumption of any complex assets or liabilities. The consolidated banking organization would not have an organizational structure, complex interrelationships or other unique characteristics that would complicate resolution of the firm, or otherwise pose a significant risk to the financial system, in the event of financial distress. Huntington and TCF each have relatively simple organizational structures and very limited nonbanking subsidiaries. Following the Proposed Transaction, approximately 99% of the combined organizations total assets would be held by or through Huntington Bank. Accordingly, the vast majority of the combined organization's assets would continue to be subject to the well-established resolution processes under the Federal Deposit Insurance Act.

In view of all the foregoing, the Proposed Transaction will not result in greater or more concentrated risks to the stability of the U.S. banking or financial system, and, therefore, the financial stability risk considerations are consistent with approval of the Proposed Transaction.

8. How, if at all, would the proposed acquisition promote financial stability of the United States banking or financial system?

The Proposed Transaction would reduce any financial stability risks posed by Huntington or TCF individually. As discussed in the Application, the Proposed Transaction will enable the combined company to achieve an expanded customer base, a broader range of product and service offerings and enhanced scale and profitability. These important benefits will enable the combined company to compete more effectively against much larger banking organizations. In addition, as a result of the Proposed Transaction, the assets and liabilities of TCF would become subject to the capital and liquidity requirements that apply to Huntington as a Category IV banking organization. The Federal Reserve has previously noted that the expansion of more stringent prudential standards to the assets and liabilities acquired as part of a proposed transaction is a favorable consideration under the financial stability factor.[6]

9. For TCF, provide the total amount for each of the following FR Y-15 line items. For both Huntington and TCF, provide the five largest counterparties rolled up to the parent company and their corresponding amounts.

- **a. Total exposure (Y832)**
- **b. Total intra-financial system assets (M362)**
- **c. Total intra-financial system liabilities (M370)**
- **d. Total securities outstanding (M376)**
- **e. Payments activity (M390)**

---

[6] *See* Morgan Stanley/E*Trade Order, FR Order 2020-05 at p. 23 (Sept. 30, 2020), available at https://www.federalreserve.gov/newsevents/pressreleases/files/orders20200930b1.pdf.

f. Assets held as a custodian on behalf of customers (M405)
g. Total underwriting activity (M408)
h. OTC derivative contracts settled bilaterally (M410)
i. Total notional amount of OTC derivatives (M411)
j. Total adjusted trading and AFS securities (N255)
k. Assets valued using Level 3 measurement inputs (G506)
l. Foreign claims on an ultimate-risk basis (M422)
m. Total cross-jurisdictional liabilities (M426)
n. Total short-term wholesale funding, by maturity (Y890, Y891, Y892, Y893)
o. Total short-term wholesale funding (Y894)
p. Average risk-weighted assets (Y895)
q. Short-term wholesale funding metric (Y896)

Please see Confidential Exhibit A for responsive information concerning Huntington. Responsive information for TCF will be provided under separate cover.

10. Provide the dollar amounts for the five largest categories of Trading Securities and AFS Securities, for both Huntington and TCF.

Please see Exhibit 1 for responsive information.

11. Provide the dollar amounts for the five largest categories of held-to-maturity securities for both Huntington and TCF.

Please see Exhibit 1 for responsive information.

12. To the extent not already provided in the notifications, identify whether Huntington or TCF are involved in each of the following activities, discuss the nature of this involvement, and provide a brief listing of other firms that engage in the same activity in the United States. For both Huntington and TCF, separately, provide measures of the scale of each activity specified, for both the most recent quarter and the most recently completed year. Measures should be stated both in U.S. dollars and as a share of overall U.S. activity; derivatives should be stated as notional dollar amounts. Responses may be confined to information maintained in the regular course of business.

a. Short-term lending

i. Reverse bilateral repurchase agreements (volume)
ii. Reverse tri-party repurchase agreements (volume)
iii. Fed funds (volume)
iv. Tri-party repo dealing (volume)

b. Commercial lending

i. Syndicated lending (volume)
ii. Syndicated pipeline commitments (volume)

iii. **Lending to small and medium-sized enterprises (volume)**
iv. **Unfunded commitments (volume)**

c. **Underwriting services**

i. **Issuance of new equities (volume)**
ii. **Corporate bonds (volume)**
iii. **Commercial paper (volume)**
iv. **Asset backed securities (volume)**
v. **Other debt securities (volume)**

d. **Total provisions of services in the following sectors.**

i. **Prime brokerage (number of funds and fund sponsors, and total assets under management)**
ii. **Securities lending (report value of securities lent as a custodian and securities lent from trading book)**
iii. **Corporate trust**
iv. **Correspondent banking**
v. **Wealth management (total assets under management)**
vi. **Insurance (by segment, including reinsurance)**

Please see Exhibit 2 and Confidential Exhibit B for responsive information. Responsive information for TCF will be provided under separate cover.

13. Provide a list of the top five Level 3 Asset categories included in item G506 of form FR Y-15 and the corresponding amounts for both Huntington and TCF.

Please see Exhibit 1 and Confidential Exhibit C for responsive information.

14. Provide a list and description of current Material Entities and Core Business Lines that do not appear on Huntington's 165(d) Resolution Plan, dated December 31, 2017.

Huntington Bank remains Huntington's only Material Entity.

Huntington's Core Business Line ("CBL") structure has undergone several changes since the submission of Huntington's 165(d) Resolution Plan, dated December 31, 2017. These changes are:

- Home Lending, which had been a standalone CBL, is now a business unit within the Consumer and Business Banking CBL.
- The Commercial Real Estate and Vehicle Finance CBL, which was a standalone CBL, has been restructured. Commercial Real Estate is now a business unit in the Commercial Banking CBL with Vehicle Finance a standalone CBL.

Reflecting these changes, Huntington's current CBLs are:

- **Consumer and Business Banking** provides an array of financial products and services to consumer and small business customers primarily through Huntington Bank's network of branches. The Consumer and Business Banking segment consists of the following business units: Retail Branches, Business Banking, Small Business Administration Lending, Home Lending, Consumer and Business Banking Support, and Huntington Investment Company.

- **Commercial Banking** provides products and services to the middle market, corporate banking, specialty banking, and government and public sector customers. Commercial Banking includes the following business segments: Asset Finance, Commercial Lending, Treasury Management, Capital Markets, and Commercial Real Estate.

- **Vehicle Finance** provides financing for the purchase of vehicles and marine craft by customers at franchised dealerships, and the acquisition of new and used vehicle inventory by franchised automotive dealerships. Business segment in Vehicle Finance consists of Auto Finance and RV and Marine Finance.

- **The Huntington Private Client Group & Regional Banking** provides high net-worth customers with deposit, lending (including specialized lending options), and banking services; delivers wealth management and legacy planning through investment and portfolio management, fiduciary administration, and trust services. This CBL also provides retirement plan services to corporate businesses, corporate trust services, and institutional and mutual fund custody services. The Huntington Private Client Group & Regional Banking includes the following business units: Huntington Insurance, Private Banking, Investment Management, Personal Trust, Corporate Trust, Retirement Plan Services, and Custody Services.

15. Provide TCF's Method 1 score and Method 2 score as of September 30, 2020, calculated pursuant to the Board's GSIB surcharge rule (see 12 CFR part 217, subpart H).

Responsive information for TCF will be provided under separate cover.

16. Provide a list and description of any Material Entities and Core Business Lines that the proposed acquisition would generate that do not appear on Huntington's 165(d) Resolution Plan, dated December 31, 2017.

The proposed acquisition is not expected to result in any significant changes to Material Entities or Core Business Lines listed in the response to Item 14.

17. In the event of failure, explain how Huntington, subsequent to the proposed acquisition, can be resolved within reasonable limits of cost, time, and difficulty.

Based on the scale and complementary nature of the business operations of Huntington and TCF, Huntington anticipates that the FDIC could resolve the combined company in a similar manner to what was disclosed in Huntington's 165(d) Resolution Plan, dated December 31, 2017. The resolution strategies outlined in that resolution plan would continue to be the most efficient means with which to resolve Huntington and Huntington Bank despite the larger size of the combined company. The strategies were developed with the objective of limiting the costs and losses in resolution, maximizing value of the Huntington Bank's businesses and assets to reduce or avoid losses to the FDIC's Deposit Insurance Fund, while minimizing customer disruption, particularly with respect to insured depositors.

18. Provide the volume of total deposits, core deposits, brokered deposits, and uninsured deposits for both The Huntington National Bank and TCF National Bank.

Please see Exhibit 1 for responsive information.

19. In 2016, the FDIC adopted a rule requiring institutions with at least 2 million deposit accounts to improve the quality of their deposit data and make changes to their information systems so that regulators could make a rapid and accurate deposit insurance determination in the event of failure (see Final Rule: Recordkeeping for Timely Deposit Insurance Determination, 81 Fed. Reg. 87734, 87746, Dec. 5, 2016). Provide a description of the extent to which the applicants intend to comply with this rule, voluntarily or otherwise.

Huntington is a Covered Institution for purposes of 12 C.F.R. Part 370 and submitted its annual compliance certification to the FDIC in October 2020. Following the Effective Date of the Proposed Transaction, Huntington intends to proceed with the integration of TCF deposit data within the 24-month timeframe provided by 12 C.F.R. § 370.10(e). Huntington currently expects to incorporate TCF Bank's deposit data into the processes developed for legacy-Huntington accounts, subject to any determinations or data collection efforts required to calculate the amount of deposit insurance coverage available for each deposit account.

20. Provide the affidavits to the three newspaper publications when available.

Please see Exhibit 3 for responsive information.