



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

January 12, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**TCF National Bank Minnesota
Charter Number 23253
801 Marquette Avenue
Minneapolis, Minnesota 55402**

**Supervisory Agency: Office of the Comptroller of the Currency
Midwestern District
2345 Grand Boulevard, Suite 700
Kansas City, Missouri 64108**

Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Assessment Area (AA) - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a MSA. A rural assessment area may contain one or more neighboring counties.

Block Numbering Area (BNA) - Small statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census committees have not established census tracts. State agencies and the Census Bureau delineated BNAs for the 1990 census using guidelines similar to those for the delineation of census tracts. BNAs do not cross county boundaries.

Census Tract (CT) - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per 10-year census and an average population of 4,000. Census tracts do not cross county boundaries.

Community Development Purpose is defined as affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that meet size and revenue standards defined by the CRA regulation; and activities that vitalize or stabilize low- and moderate-income geographies.

Community Development Loan - A loan which must have as its *primary* purpose community development. Community development loans specifically exclude loans which have been reported under the Home Mortgage Disclosure Act or as small loans to businesses or farms, except for multi-family rental housing loans, which can be reported under both categories.

Community Development Service - A service that must have community development as its *primary* purpose and be related to the provisions of financial services.

Demographic Characteristic - A statistical representation of people, housing, geographical areas or other measurable factors with regard to size, density, distribution, or other measurable characteristics.

Family - A family consists of a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. All persons in a household who are related to the householder are regarded as members of his or her family.

Geography - A census tract or a block numbering area as defined by the United States Census Bureau.

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data: the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase and home improvement loans, refinancing of home purchase home improvement loans, and loans for the purchase of multi-family (five or more units) dwellings.

Household - A household includes all the persons who occupy a housing unit. A household can contain only one family for purposes of Census tabulations. Not all households contain families because a household may be made up of a group of unrelated persons or one person living alone.

Income Levels - These relate to individuals, families, households, the CTs in a MSA, or BNAs in a non-MSA.

Low = An income level that is less than 50% of the median income.

Moderate = An income level that is at least 50% and less than 80% of the median income.

LMI = An income level that is less than 80% of the median income.

Middle = An income level that is at least 80% and less than 120% of the median income.

Upper = An income level that is 120% or more of the median income.

Large Financial Institution - A financial institution with total assets of \$250 million or more or an institution of an size that is an affiliate of a bank holding company with \$1 billion or more in banking and thrift assets.

Market Share - The average of all reporting lenders for a specific loan type - HMDA, small business or small farm in a MSA.

Median Family Income (MFI) - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimate inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50,000 or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000. Generally MSAs consist of one or more whole counties that have a high degree of interaction.

Poverty Level - An income level that is less than 30% of the median income.

Qualified Investment - A lawful investment that has as its *primary* purpose community development.

Small Business or Small Farm - A business or farm that has \$1,000,000 or less in gross annual revenues.

Small Loan to a Business or Farm - A loan of \$1,000,000 or less to a business of any size or a loan of \$500,000 or less to a farm of any size, consistent with definitions in the instructions for preparation of the Consolidated Report of Condition and Income.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **TCF National Bank Minnesota, Minneapolis, Minnesota (TCF)**, prepared by the **Office of the Comptroller of the Currency (OCC)** as of **January 12, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than for individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution’s branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution’s CRA Rating: This institution is rated **“Satisfactory Record of Meeting Community Credit Needs.”**

The following table indicates the performance level of TCF with respect to the lending, investment, and service tests

TCF National Bank Minnesota Performance Tests			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs To Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

We rated TCF **“Satisfactory”** because TCF:

- C Responded well to credit needs through its mortgage lending activities. A secondary focus is consumer lending.
- C TCF shows strong penetration to low- and moderate-income borrowers for all mortgage-related products. For example, home purchase loans were the most significant product for the bank and its affiliated mortgage company, TCF Mortgage Corporation (TCFMC). In the bank’s Minneapolis-St. Paul assessment area

during 1996, 12% and 27% of home purchase lending by the bank and TCFMC were to low- and moderate-income borrowers, respectively. This performance was strong in relation to demographic information for the assessment area, which shows that 16% of families are low-income and 18% of families are moderate-income. It also compares favorably to the performance of other banks in the assessment area. On average, 10% of home purchase loans by those banks was to low-income borrowers and 23% to moderate-income borrowers. The bank has achieved overall high market shares for its volumes of home purchase and refinance loans with rankings of second and third, respectively.

- C The bank's consumer loan originations to low- and moderate-income borrowers are good. Our analysis shows that there is quite even distribution of loans across all borrower income levels. The distribution of consumer loans within low- and moderate-income census tracts is, however, poor. While 19% of the households in the Minneapolis-St. Paul MSA are in low- and moderate-income CTs, the bank extended only 8% of its consumer loans within those CTs during 1996 as well as during the first nine months of 1997.
- C Made a significant volume of qualifying investments into programs or organizations that provide affordable housing. TCF has also made a substantial volume of qualifying grants into organizations that support or promote housing programs, create or maintain jobs, stabilize neighborhoods or otherwise provide benefit to low- and moderate-income people. During the evaluation period, the bank's investments and grants totaled \$6,991,699.
- C Provided an exceptional level of community development services through its work with affordable housing organizations, community development corporations, and numerous other organizations that benefit low- and moderate-income borrowers and small businesses within the assessment area. TCF has also helped to meet the credit needs of the assessment area through its extensive branch network, emphasizing customer convenience, and its overall availability of products through a variety of delivery systems. The bank has been a leader in establishing supermarket banking in its various communities which, as a result, allows 24-hour accessibility to several banking functions. The bank operates an extensive ATM network including many in low- and moderate-income geographies.

DESCRIPTION OF THE INSTITUTION

TCF National Bank Minnesota (TCF) had average assets of \$3.7 billion as of September 30, 1997. It is an intrastate institution and its main office is located in downtown Minneapolis, Minnesota. TCF is a wholly owned subsidiary of TCF Financial Corporation, a multi-bank holding company located in Minneapolis. TCF Financial Corporation has \$10 billion in total assets and has separately chartered banks located in Minnesota, Wisconsin, Michigan, Illinois, and Colorado. Other affiliates include mortgage banking, consumer finance, commercial leasing, title insurance, and annuity/mutual fund sales companies.

Until April 1997, TCF had been a thrift savings institution. As such, its primary mission had focused on residential mortgage loans and consumer loans. As a commercially-chartered bank, TCF's strategy includes emphasizing the growth of its commercial and consumer loan portfolios. As of September 30, 1997, the bank's balance sheet remained heavy

dominated by real estate. On that date, real estate loans equaled 60% of total loans, loans to individuals were 15%, commercial and commercial real estate equaled 12%, leases were 12%, and other loans equaled 1%. The loan portfolio represented 79% of the bank's total assets.

TCF has 78 branches located in seven of its nine assessment areas throughout Minnesota. Most branches (64) are located within the Minneapolis-St. Paul MSA. Most of TCF's business is generated within this MSA and formed the basis for determining the bank's overall rating. TCF operates 620 ATMs throughout the nine assessment areas. Five hundred fifty-eight ATMs are located within the Minneapolis-St. Paul MSA.

TCF has the financial capacity to assist the community with its credit needs. As of September 30, 1997, the bank recorded a return on average assets of 3.19%. According to the bank's annual report, TCF ended the year with a return on average assets of 2.54% which was the highest of the affiliated holding company banks. There are no known legal or financial constraints which would impede the bank from its CRA efforts. TCF's prior Performance Evaluation was dated November 27, 1995 and the rating was "Outstanding Record of Meeting Community Credit Needs."

DESCRIPTION OF THE ASSESSMENT AREA

TCF had seven assessment areas consisting of: Minneapolis-St. Paul (MSA # 5120), Austin, Duluth (MSA # 2240), Mankato-New Ulm, Marshall-Pipestone, Rochester (MSA # 6820), and St. Cloud (MSA # 6980). During the examination, TCF added an assessment area for each of two deposit-taking ATMs that it has in Crookston, Minnesota and Morris, Minnesota. The Minneapolis-St. Paul assessment area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, and Washington counties. The Austin assessment area is all of Mower County. The Duluth assessment area consists of 41 census tracts within St. Louis county primarily within the city of Duluth. Outside the city of Duluth, St. Louis county covers a very large geographic area that is heavily forested and, except for the Iron Range Cities in the middle of the county, is somewhat sparsely populated. Because there is only one branch and three ATM locations which are located in the city of Duluth, selecting only these census tracts in a portion of the county is reasonable. The Mankato-New Ulm assessment area includes all of Blue Earth, Brown, and Nicollet counties. The Marshall-Pipestone assessment area is Lyon and Pipestone counties. The Rochester assessment area is all of Olmstead County. The St. Cloud assessment area consists of Benton and Stearns counties.

TCF added an assessment area for a deposit-taking ATM located on the University of Minnesota Crookston campus which is in MSA # 2985. The bank designated only the census tract where the ATM is located as the assessment area which is reasonable because the bank does not have a branch office there and has a very limited presence. The same is true for the assessment area added for a deposit-taking ATM located on the University of Minnesota Morris campus. Both of these areas are middle-income geographies. TCF has a business agreement with the University of Minnesota and has agreed to provide ATMs at specific locations for university students and employees.

Except as otherwise noted, the assessment areas include whole counties, do not arbitrarily exclude any low- or moderate-income geographies, and include areas that have banking offices and deposit-taking ATMs.

The bulk of the bank’s business is generated within the Minneapolis-St. Paul assessment area and was the primary consideration in determining the bank’s performance rating. This assessment area has 82% of the branches, 90% of ATMs, and 90% of the bank’s total deposits.

The following table shows the demographic characteristics of TCF’s Minneapolis-St. Paul assessment area. The information was obtained from 1990 census data. Updated annual income information for 1997 was provided by the department of Housing and Urban Development (HUD). Other information was obtained from Dun & Bradstreet and from the Bureau of Labor Statistics. Demographic information on the other assessment areas is shown on tables located in the *Appendix*. We did not include demographic information on Crookston or Morris or consider these assessment areas as part of our evaluation because the bank had not designated them as assessment areas during the evaluation period.

ASSESSMENT AREA PROFILE: MSA # 5120 Minneapolis-St. Paul, MN-WI						
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper	NA
Population	2,330,666					
Census Tracts in AA	613	8%	15%	55%	20%	2%
Income Level of Families in AA (6% below poverty)	598,912	16%	18%	28%	38%	--
Families Living in CT Category	598,912	4%	10%	62%	24%	--
Income Level of Households in AA (8% below poverty)	889,505	21%	17%	22%	40%	--
Households Living in CT Category	889,505	6%	13%	60%	21%	--
Owner-Occupied Housing (% of # in CT)	605,012	2%	9%	63%	26%	--
Businesses (% of # in CT)	91,386	5%	10%	61%	24%	--
Median Housing Value = \$93,503						
Median Family Income = \$43,063						
HUD Adjusted Median Family Income for 1997 = \$57,300						
Unemployment Rate = 3% in 1997						

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics
 NA = No income designation.

Minneapolis-St. Paul is the fifteenth largest metropolitan area in the United States. The area has a thriving, diversified economic base. It is a major transportation and distribution hub for the Upper Midwest. It is also a center for electronics, medical instruments, health care, finance, arts and entertainment, printing and publishing, as well as for processing and transporting agricultural products. The area is the home of eighteen FORTUNE 500 companies and several of the world’s largest private companies. The greater metropolitan area ranks fourth among all U.S. cities with the most corporate headquarters.

TCF's market environment is extremely competitive, particularly among the larger commercial financial institutions assessment area is served by more than 90 commercial banks, excluding thrifts and credit unions. These banks range size from \$5 million to \$67 billion. TCF, as the third largest bank, is, however, substantially smaller than the two largest, U.S. Bank and Norwest. Competition for mortgage loans is especially strong. Almost 500 lenders reported mortgage loan originations within the assessment area in each year of 1996 and 1997.

We considered information from numerous community contacts throughout the greater Twin Cities metropolitan area St. Cloud, Duluth, Rochester, Mankato, and outstate Minnesota. We had 64 contacts within the Minneapolis-St. Paul MSA; eight contacts from Duluth; three contacts from Rochester; and 26 contacts from other communities within Minnesota. These contacts were made within the last two years by the OCC or other regulatory agencies. These contacts were with nonprofit organizations, government agencies, and individuals. They provided background information on the general economy of the respective communities, the condition of the housing markets, the types of credit offered for housing and small businesses, the availability of financial services, and the responsiveness of banks and other financial institutions serving the communities.

All areas of the state indicated a strong need for affordable housing. This included lower cost housing for first-time home buyers, multi-family and other rental housing, and combination financing that could include rehabilitation or funds with first mortgages. In some locations, contacts stated there was a need for housing at all income levels and this would be an opportunity for banks to assist with development lending. Contacts also stated that home improvement loans are needed to improve the quality of the aging housing stock in many communities. Many contacts stated that there needs to be more first-time home buyers programs, credit and financial counseling, and programs that require low or no down payments.

In the greater metropolitan area, many contacts said that there is a strong need for small business loans and for loans that would foster job creation. Some contacts said that it would also be beneficial if financial institutions could provide the smaller suburban communities with technical advice on how to provide alternate or tax increment financing for community based development projects.

Most contacts characterized the economy of the various communities as strong to excellent. Some stated that pockets of poverty exist. This was especially noted in some comments from organizations within the city of St. Paul. There are neighborhoods with high unemployment and deteriorating social conditions. Contacts from these neighborhoods said that there are great opportunities if financial institutions will provide assistance with job training, small business loan housing rehabilitation loans, and mortgage products that will help LMI get a home.

Information from HUD indicated that the greatest housing need was for very low-income households and for large families living in overcrowded, deteriorating buildings. A 1995 HUD report said that within Minneapolis there was ample supply of lower cost housing but that most of these units were occupied by higher income households. Therefore, the units were not available to the very low-income people who have few options. A similar report on St. Paul said that overall housing affordability was a concern and that there were pockets of older, smaller housing that need substantial renovation.

Austin is located 100 miles south of Minneapolis and is near the Iowa border. The area remains heavily dominated by agriculture and related industries. Austin is the home of Hormel Foods, an internationally recognized food processing company.

Duluth is located 150 miles north of Minneapolis along the western tip of Lake Superior. The economy has been relatively stable because of increased diversification from the tourism, retail, and service industries. This has allowed the area to be less negatively impacted by the more cyclical nature of the primary industries which are shipping, taconite mining, and paper production. The population and housing markets have also been relatively stable. There is strong competition among the local financial institutions for both loans and deposits.

The Mankato-New Ulm area is approximately 80 to 90 miles southwest of the Twin Cities. The area has several large agribusiness companies and is a growing retail market. Mankato has experienced significant retail and service industry growth in recent years. The city is the home of the large Minnesota State University - Mankato and smaller institutions such as Bethany Lutheran College, Rasmussen College, and South Central Technical College. The largest employers in the area are Carlson Craft, a specialty printing company with 2,500 employees, and Minnesota State University - Mankato with 1,300 employees.

The Marshall-Pipestone area is located in southwestern Minnesota near the South Dakota border. The economy in this area is primarily dependent upon agriculture, food processing, light manufacturing, and retail or service-related sales. Marshall is also the home of Southwest State University with 2,700 students. There are ten financial institutions serving these communities. Information provided by the cities showed that in 1995, the city of Marshall issued 336 residential building permits while in 1996, the city of Pipestone issued 25 residential building permits.

Rochester is located in southeastern Minnesota nearly 90 miles from Minneapolis. It is the fifth largest city in the state and is well known for its medical facilities. Another major employer in the city is IBM. The balance of the employees are in small, light manufacturing or distributor companies or are in service-related businesses often supporting tourists and the large patient population that visits the clinic. Rochester was named *Money* magazine's number one place to live in the United States in 1993 and has been in the top five since then.

St. Cloud is located in central Minnesota approximately 65 miles northwest of Minneapolis. The local economy is strong and diversified. The area is attractive to businesses because wages and housing costs are below those found in Minneapolis and the area has good transportation and services. Retail, services, manufacturing, and government are major employers. St. Cloud is home to leading companies in granite production, optical lens manufacturing, and paper production. Housing and demographics are somewhat skewed because of the presence of the large student population at St. Cloud State University and the other neighboring campuses of St. John's University, the College of St. Benedict, and St. Cloud Technical College. A HUD profile shows that within the city of St. Cloud, nearly 49% of the households are renters, single, and younger than the general population of the state.

SCOPE OF EXAMINATION

The OCC examined TCF using the lending, investment, and service tests for large financial institutions pursuant to the revised CRA regulation. These tests assess the bank's record of helping to meet community credit needs. We analyzed the bank's: mortgage, small business, consumer, and community development loans; the number and types of qualified investments; branch distribution and accessibility; and retail and community development services. Our lending test conclusions were weighted toward the bank's residential real estate lending. At the bank's option, the residential real estate lending we evaluated included loans generated through its mortgage banking subsidiary, TCF Mortgage Corporation, which is headquartered in Minneapolis. Also at TCF's option, we considered the bank's performance for its consumer lending. This consumer lending included home equity and other real estate secured loans, motor vehicle loans, and other secured and unsecured loans. Although we reviewed the bank's small business lending activity, this is not a significant product line for the bank. Small loans to businesses during 1996 through September 1997 numbered only 249 or 1% of the loan originations we considered for this analysis. As a result, they did not impact our rating decision and we have not presented analysis regarding the activity. The current evaluation covers the period from January 1996 to September 1997.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank's ratings were primarily driven by its performance within the Minneapolis-St. Paul assessment area. The conclusions discussed throughout this evaluation focus on performance in this area. The area generated the greatest volume of loans, was the source of most of the bank's deposits, and contained most of the offices and ATMs. Information and conclusions on the other assessment areas are included in the *Appendix*.

LENDING TEST

TCF's lending activity shows good responsiveness to the credit needs in its assessment area. The bank has maintained good loan volumes in a highly competitive environment and has high market shares for its mortgage related products. We based our rating decision primarily on our analysis of HMDA related products. At the bank's request, we also analyzed four out of five categories of the bank's consumer loan products. We analyzed the distribution of these products to borrowers of different income levels and the distribution within census tracts of different income levels.

Nearly all loans for all products were generated within the assessment area. TCF has demonstrated that it is able to reach lower income borrowers, especially for mortgage-related products. There are no obvious unexplained or unjust gaps in its lending to borrowers living in census tracts of varying income levels.

Tables on the following pages illustrate the information that TCF provided for our analysis. The tables show the distribution of loans to borrowers of different income levels as well as within the census tracts of different income levels within the assessment area.

Lending Activity

HMDA LOANS

TCF's lending volumes show good responsiveness to housing-related credit needs in the assessment area. TCF originated or purchased 7,604 mortgage-related loans in 1996 which gave the bank an overall market share of 6.2%. Although substantially behind the number one ranked lender in the market, Norwest with a market share of 21.9%, TCF ranked second. Aggregate HMDA information shows that there were 477 lenders reporting HMDA-related loans in 1996 within this assessment area. Most of the TCF's HMDA-related loans (90% for both 1996 and 1997) were made within the assessment area.

Table 1 shows the number and dollar amount of HMDA-reportable loans TCF and its affiliate TCF Mortgage made in the Minneapolis-St. Paul MSA in calendar year 1996 and through September 1997.

Table 1

HMDA PRODUCT	1996		January - September 1997	
	Number	\$ (000's)	Number	\$ (000's)
Home Purchase	5,268	592,423	3,888	460,551
Refinance	2,048	196,104	1,278	122,376
Home Improvement	264	2,778	224	2,535
Multi-family	24	12,717	11	4,801
TOTAL HMDA LOANS	7,604	804,022	5,401	590,263

Data Source: Bank Records

CONSUMER LOANS

The volume of consumer loans is reasonable based on the bank's size and the highly competitive nature of the Minneapolis-St. Paul market. Over the last two years, 43% of all originations were consumer loans. A substantial majority (93% in 1996 and 91% in 1997) of all consumer loans were made within the assessment area. Because lenders are not required to collect this type of lending data, we do not have comparable data to determine how significant the volumes are relative to all consumer loans originated within the assessment area.

Table 2 shows the number and dollar amount of the four categories of consumer loans TCF elected to have considered that were made in the Minneapolis-St. Paul assessment area.

Table 2

CONSUMER LOAN TYPE	1996		January - September 1997	
	Number	\$(000's)	Number	\$(000's)
Home Equity & Other RE Secured	2,604	137,601	2,356	114,856
Motor Vehicle	617	7,472	450	4,422
Other Secured	1,005	10,187	498	4,520
Other Unsecured	1,507	10,411	1,022	8,809
TOTAL CONSUMER LENDING	5,733	165,671	4,326	132,607

Data Source: Bank Records

Distribution of Loans by Borrower Profile

HMDA LOANS

TCF has excellent penetration to moderate-income borrowers for all HMDA-related products. TCF also outperforms the aggregate of all other lenders for loans made to moderate-income families. The percentage of mortgage-related loans made to low-income borrowers is also strong, particularly for home improvement loans. TCF's penetration of low-income borrowers exceeds that of all other lenders for all HMDA-related loans.

Table 3 shows the percentages among borrowers of different income levels compared to the population demographic of the Minneapolis-St. Paul MSA and compared to the percentage of loans made to borrowers of different income levels by all lenders. We analyzed the information based on the number of HMDA loans rather than the dollar volume because it more clearly depicts the number of borrowers who have benefitted from these types of loans. We also analyzed this data based on the realization that six percent of all families within the assessment area live below the poverty level. Families with income below the poverty level are less likely to qualify for loans of this type because of their more limited financial capacity to repay the loans.

Table 3

Income Category & HMDA Product	1996		January - September 1997	Percent of Families in Income Category (6% of all families are below the poverty level)
	All Lenders (% of number)	TCF (% of number)	TCF (% of number)	
LOW-INCOME BORROWERS				16%
<i>Home Purchase</i>	10%	12%	12%	
<i>Refinance</i>	7%	10%	11%	
<i>Home Improvement</i>	9%	24%	15%	
MODERATE-INCOME BORROWERS				18%
<i>Home Purchase</i>	23%	27%	28%	
<i>Refinance</i>	18%	23%	27%	
<i>Home Improvement</i>	22%	42%	46%	
MIDDLE-INCOME BORROWERS				28%
<i>Home Purchase</i>	24%	30%	30%	
<i>Refinance</i>	27%	29%	33%	
<i>Home Improvement</i>	33%	22%	28%	
UPPER-INCOME BORROWERS				38%
<i>Home Purchase</i>	24%	27%	28%	
<i>Refinance</i>	32%	23%	26%	
<i>Home Improvement</i>	34%	12%	11%	
BORROWERS WITH UNKNOWN INCOME				--
<i>Home Purchase</i>	19%	4%	2%	
<i>Refinance</i>	16%	15%	3%	
<i>Home Improvement</i>	2%	0%	0%	
<i>Multi-family</i>	100%	100%	100%	

Data Sources: FFIEC 1996 Aggregate HMDA Data, Bank Records and 1990 Census Data-U.S. Bureau of the Census

TCF has an excellent share of its mortgage-related products made to low- and moderate-income borrowers. TCF's overall rank for home purchase loans is number two out of the nearly 400 lenders reporting this type of loan in this assessment area. Its overall rank for refinance loans is third out of 367 lenders reporting this type of loan within the assessment area. The bank has also maintained a second and third place ranking for home purchase and refinance loans, respectively, to LMI. The bank's ranking for home improvement loans is also favorable although its overall rank is slightly lower at fourteenth out of the 203 lenders reporting this type of product.

Table 4 shows TCF's market shares among borrowers of different income levels compared to its overall market share. The table shows that the bank's strongest categories are refinance loans and home improvement loans. In all loan categories, the market shares to low- and moderate-income borrowers exceeds the bank's overall market share. (Refer to Table 1 for the actual number and dollar amount of loans made in these categories.)

Table 4

HMDA Product & Income Category	1996
HOME PURCHASE	Overall Market Share = 8.16%
<i>Low-Income Borrowers</i>	8.98%
<i>Moderate-Income Borrowers</i>	8.85%
<i>Middle-Income Borrowers</i>	9.22%
<i>Upper-Income Borrowers</i>	8.69%
<i>Borrowers with Unknown Income</i>	2.71%
REFINANCE	Overall Market Share = 4.90%
<i>Low-Income Borrowers</i>	7.13%
<i>Moderate-Income Borrowers</i>	6.33%
<i>Middle-Income Borrowers</i>	5.05%
<i>Upper-Income Borrowers</i>	3.56%
<i>Borrowers with Unknown Income</i>	4.78%
HOME IMPROVEMENT	Overall Market Share = 1.65%
<i>Low-Income Borrowers</i>	4.52%
<i>Moderate-Income Borrowers</i>	3.10%
<i>Middle-Income Borrowers</i>	1.06%
<i>Upper-Income Borrowers</i>	0.59%
<i>Borrowers with Unknown Income</i>	0%

Data Source: FFIEC 1996 Aggregate HMDA Data

CONSUMER LOANS

The distribution of consumer loans to borrowers of different income levels shows that TCF has successfully reached low- and moderate-income borrowers. The percentage of loans made to moderate-income households significantly exceeds the percentage of overall households at that income level. The percentage of low-income borrowers is also favorable compared to the percentage of households at that income level although the percentage of loans made decreased from 1996 to 1997. Table 5 shows the distribution of consumer loans for the Minneapolis-St. Paul assessment area among borrowers of different income levels compared to the percentage of households at that income level. The percentage of households below the poverty level is eight percent. Also note that because banks are not required to collect data on borrowers for consumer loans, there is no available aggregate information on other lender to put TCF's volume of consumer lending into perspective.

Table 5

CONSUMER LOAN DISTRIBUTION BY INCOME LEVEL OF BORROWER					
CONSUMER LOANS	TIME PERIOD	Low-Income % of #	Moderate-Income % of #	Middle-Income % of #	Upper-Income % of #
	1996	23%	27%	27%	23%
	January - September 1997	18%	29%	29%	24%
% of Households at Income Level		21%	17%	22%	40%

Data Source: Bank Records

Distribution of Loans by Geography

HMDA LOANS

TCF demonstrated overall adequate penetration of loans into low-income census tracts relative to all other lenders at the percentage of owner-occupied housing in these census tracts. A very small percentage - only two percent - of the owner-occupied housing within the bank's assessment area was in the low-income census tracts. TCF's lending was generally at or slightly below this demographic criteria and the level of lending by all other lenders. TCF's strongest performance was for home improvement lending during 1996 and for multi-family lending.

The bank's performance was good within moderate-income census tracts. The percentage of home purchase or refinance loans was slightly below the percentage of families in these CTs and the percentage of owner-occupied housing within these CTs. But, for these products, TCF at least met or exceeded the performance of the other lenders. TCF's performance for home improvement and multi-family loans within moderate-income census tracts is, however, very strong.

Table 6 shows the portfolio percentages TCF realized compared to the percentage of loans made by all lenders in each type of geography. It also provides perspective by showing the percentage of owner-occupied housing in each type of geography.

Table 6

Income Category & HMDA Product in Percentages	1996		January - September 1997	Percent of Families Living in CT	Percent of Owner- Occupied Housing
	All Lenders	TCF	TCF		
LOW-INCOME CTs				4%	2%
<i>Home Purchase</i>	2%	1%	1%		
<i>Refinance</i>	1%	1%	1%		
<i>Home Improvement</i>	2%	8%	2%		
<i>Multi-family</i>	16%	38%	37%		
MODERATE-INCOME CTs				10%	9%
<i>Home Purchase</i>	7%	7%	8%		
<i>Refinance</i>	6%	7%	7%		
<i>Home Improvement</i>	8%	19%	16%		
<i>Multi-family</i>	20%	25%	27%		
MIDDLE-INCOME CTs				62%	63%
<i>Home Purchase</i>	61%	60%	59%		
<i>Refinance</i>	63%	64%	66%		
<i>Home Improvement</i>	65%	61%	67%		
<i>Multi-family</i>	49%	37%	18%		
UPPER-INCOME CTs				24%	26%
<i>Home Purchase</i>	30%	32%	32%		
<i>Refinance</i>	30%	28%	26%		
<i>Home Improvement</i>	25%	12%	15%		
<i>Multi-family</i>	15%	0%	18%		

Data Source: FFIEC 1996 Aggregate HMDA Data

Although the volume of loans generated within low- and moderate-income census tracts is slightly below demograph information, the bank's overall market shares, by product, within the low- and moderate-income census tracts are good. The bank's market shares for home purchase and refinance loans are reasonably similar to the respective over market shares for these products in low- and moderate-income tracts. Again, the bank ranks second and third, respectively, out of all lenders in this assessment area for these types of loans. The market shares within low- and moderate-income tracts for the home improvement and multi-family loans showed excellent responsiveness compare to the overall market shares for these products.

Table 7 illustrates market share comparisons based on the geography of the loan.

Table 7

HMDA Product & Income Category	1996
HOME PURCHASE	Overall Market Share = 8.16%
<i>Low-Income CTs</i>	7.03%
<i>Moderate-Income CTs</i>	7.92%
<i>Middle-Income CTs</i>	8.01%
<i>Upper-Income CTs</i>	8.62%
<i>No Income reported CTs</i>	3.51%
REFINANCE	Overall Market Share = 4.90%
<i>Low-Income CTs</i>	4.25%
<i>Moderate-Income CTs</i>	5.27%
<i>Middle-Income CTs</i>	4.98%
<i>Upper-Income CTs</i>	4.68%
<i>No Income reported CTs</i>	0%
HOME IMPROVEMENT	Overall Market Share = 1.65%
<i>Low-Income CTs</i>	8.98%
<i>Moderate-Income CTs</i>	3.94%
<i>Middle-Income CTs</i>	1.53%
<i>Upper-Income CTs</i>	0.78%
<i>No Income reported CTs</i>	0%
MULTI-FAMILY	Overall Market Share = 11.32%
<i>Low-Income CTs</i>	24.32%
<i>Moderate-Income CTs</i>	13.64%
<i>Middle-Income CTs</i>	9.09%
<i>Upper-Income CTs</i>	0%
<i>No Income reported CTs</i>	0%

Data Source: FFIEC 1995 and 1996 Aggregate HMDA Data

CONSUMER LOANS

The bank has poor penetration of consumer loans into low-income census tracts. The percentage of loans made in moderate-income census tracts is slightly better. Table 8 shows that most loans were made within middle-income census tracts. However, in our analysis of consumer lending, the distribution of loans to borrowers of different income levels shows that the bank's lending reaches low- and moderate-income borrowers, regardless of where they live. This information was presented in Table 6 which is given more weight in our rating process.

Table 8 shows the distribution of consumer loans among the income levels of the geography in which the loan is located compared to the percentage of households at any income level that live in that geography. We use the number of

households in the various census tracts in our analysis of consumer loans because it more accurately reflects the number of individuals who would benefit from this type of credit. (In other tables throughout this evaluation, our analyses and conclusions were based on loans made to families of different income levels or within geographies of different income categories.) Note that the percentage of all households below the poverty level is eight percent.

Table 8

CONSUMER LOAN DISTRIBUTION BY INCOME LEVEL OF GEOGRAPHY					
CONSUMER LOANS	TIME PERIOD	Low-Income % of #	Moderate-Income % of #	Middle-Income % of #	Upper-Income % of #
		1996	1%	7%	64%
	January - September 1997	1%	7%	68%	24%
% of Households Living in CT		6%	13%	60%	21%

Data Source: Bank Records

Community Development Lending

Within the Minneapolis-St. Paul assessment area, the bank made six qualifying community development loans totaling \$2.6 million. This is equal to 0.94% of Tier I capital. The bank has two other qualifying loans that benefitted other assessment areas within Minnesota and these are discussed in the *Appendix* under the proper assessment area. The community development loans provided affordable housing and small business loans that directly benefitted LMI people. Two loans were made through a bank consortium that assists minority-owned small business owners who, because of financial limitations, may not be bankable elsewhere. The association that oversees the program also provides extensive training to the business owners throughout the life of the loan. Another loan provided funds to an intermediary that in turn assisted two local community development corporations provide loan funds for three development projects. Other loans included funds for rehabilitation of single family homes for resale to LMI individuals and for use in multi-family residences that house LMI individuals at below market rates.

Flexible Loan Programs

TCF offers programs that demonstrate flexibility in underwriting or loan terms that benefit LMI borrowers for home purchase or home improvement loans. It also has demonstrated that it will offer flexibility in loans to small business

TCF is one of the state's leaders in originating Minnesota Housing Finance Agency (MHFA) loans. In 1996 and 1997 TCF was the third most productive lender in home improvement originations with a total of 279 loans at \$1.8 million. TCF was also called one of the top lenders by MHFA for its first time home buyers program with 404 loans totaling \$25.6 million over the last two years. In addition, TCF developed a one percent downpayment program that uses MHFA funds and is available only to LMI borrowers. This is an entry cost assistance program that also has below

market rates over the life of the loan. In 1996 and 1997, TCF originated 77 of these loans totaling \$4.4 million. The programs have helped to address identified credit needs.

Under the SURE program (Second Underwriting Review and Evaluation committee), TCF approved 80 real estate loans totaling \$2.7 million. Typically, these involve loans that were made to more marginally qualified applicants who would be denied credit under standard underwriting criteria.

TCF participates in several local community bond programs and affordable mortgage programs that benefit first time home buyers. Most of these programs include below market financing and can include entry cost assistance. TCF has provided financing for 51 units totaling \$3.6 million under these programs.

TCF has used government guaranteed programs that assisted small business customers. This includes eleven SBA 504 loans totaling \$5.4 million; three SBA 7A loans totaling \$249,000; and eight loans from various cities' development programs totaling \$114,000. These programs feature such things as low equity investments or subsidized down payments, below market interest rates, and guaranteed portions. TCF has worked with several neighborhood groups' loan programs for home improvement loans that benefit LMI. In examples from two neighborhoods, TCF has originated 70 loans totaling \$440,000 over the last two years.

INVESTMENT TEST

TCF has made a significant volume of qualified investments, grants, and in-kind donations during this evaluation period consistent with its financial capacity and the community development opportunities within its assessment areas. Qualified investments must meet a community development purpose as defined within the regulation. Please refer to *Glossary of Terms* for this definition.

During the evaluation period, TCF made a total of 192 investments and grants totaling \$6,991,699 which equals 2.5% of the bank's Tier I capital. TCF made all of its investments and grants within the state of Minnesota, including 187 specific investments and grants within the various assessment areas. These 187 totaled \$1,967,379. The other five investments totaling \$5,024,320 were made in securities collateralized by mortgages to LMI individuals or in a national fund that develops or operates affordable housing projects for LMI individuals. These five investments benefitted the greater statewide area which included the bank's assessment areas.

Most of the grants and in-kind donations provided financial support to organizations primarily located within the Minneapolis-St. Paul assessment area. These organizations provide essential human services including affordable housing, emergency shelter, food, health and social services, job training, and job creation. In addition to the investments and grants shown in Table 9 for the Minneapolis-St. Paul assessment area, TCF made the following contributions in the other assessment areas: two grants totaling \$3,900 in Duluth; seven grants totaling \$8,800 in Rochester; three grants totaling \$12,000 in Mankato; and two grants totaling \$4,320 in St. Cloud. This is reasonable for these outstate assessment areas based on the small number of branches that TCF operates in these locations and the small percentage of overall business that these offices represent.

The following table illustrates the types of investments and grants that the bank made within the Minneapolis-St. Paul assessment area throughout the evaluation period.

Table 9

INVESTMENT TEST: MSA #5120		
Investment Type	# of Investments	\$ (000's) of Investments
<i>Affordable Housing</i>		
Direct Investment	6	5,524
Grant/Contribution	35	363
<i>Economic Development</i>		
Direct Investment	0	0
Grant/Contribution	40	447
<i>Low/Mod Individuals</i>		
Direct Investment	0	0
Grant/Contribution	62	174
<i>Revitalize/Stabilize</i>		
Direct Investment	0	0
Grant/Contribution	35	455
TOTAL INVESTMENTS	178	6,963

Several of the bank’s larger grants were made to distinctive organizations in the Minneapolis-St. Paul MSA. The money was used in creative ways to improve the quality of the neighborhoods, to promote job training for women in non-traditional careers or for recent immigrants, and to make it easier for community development loans to be sold on the secondary market. These contributions, while illustrating an innovative use of funds to benefit many LMI and generally improving the quality of life in the associated neighborhoods, also typify the more general types of organizations that TCF supports.

- C TCF is a partner with a Minneapolis high school located in a moderate-income census tract. TCF’s grants totaled \$256,378 and in-kind donations of furniture and equipment totaled \$1,235. TCF entered into this partnership with this school ten years ago at a time when the school was facing insurmountable problems and was scheduled to close. This was the first partnership between a public school and a corporation in Minnesota. The funds are used for various programs that encourage grade improvement and perfect attendance; improve communication between parents and teachers; provide school-to-work training; and allow access to computer equipment. Funds are also used for scholarships for further education. More than 54% of the students at this school qualify for free or reduced fee lunches through federal programs. TCF’s funds have helped to stabilize a neighborhood and promote education for higher risk youth.
- C TCF made \$100,000 in donations to purchase loan servicing software for an organization that sells community development loans on the secondary market. As a result, the organization was able to improve the loan servicing system, increase the capacity to handle more of these often nonstandard loans, and to improve general efficiencies.

The organization sells and services the loans for other nonprofits and governmental development lenders. In turn this allows the organization to make new development loans.

- C TCF made \$71,000 in donations during the evaluation period to an organization that fosters business and career training for women - including nontraditional jobs. In 1996, this organization entered into a partnership with Habitat for Humanity to build a house using women construction students. TCF's contribution was used in the construction of a home for a low-income family and the women who participated in the construction work gained hands-on experience.
- C TCF donated \$62,000 during the last two years to an organization that provides employment training in banking and finance for people on Hennepin County public assistance. The organization provides training, placement, and ongoing monitoring and career advice. In addition to the financial contribution, TCF has agreed to hire approximately 40 program participants during a twelve-month period.
- C TCF donated \$60,000 in 1996 to an economic development project in south central Minneapolis. The project provides training in the food service industry. The organization that oversees this kitchen incubator provides access to commercial kitchens and an opportunity for the participants to develop successful food-product businesses. As these new start-up businesses develop, the organization provides support and consultation. As the incubated business grows, the organization is available to help it relocate into larger space within the neighborhood. Unemployment in this community is twice the Minneapolis average. Forty-nine percent of Minneapolis public assistance money is spent in this neighborhood. This organization's initial goals are to enroll and support at least new start-up businesses and to create 40 new jobs for area residents.
- C TCF made donations totaling \$40,313 during the evaluation period to an organization that, in addition to other things such as cultural training and classes in English as a second language, provides teller and proof operator training to immigrants, the majority of whom have low or moderate incomes. TCF has an ongoing partnership with the organization to assist with certain aspects of the training and to place the graduates in TCF branches.
- C TCF donated \$25,000 in 1996 to a southside Minneapolis housing initiative. The organization represents a collaborative effort of several Twin Cities corporations, foundations, and agencies. Its purpose is to "recycle" vacant and boarded-up houses to improve neighborhood housing conditions and property values. The organization attempts to use local residents and local agencies in the rehabilitation work which also provides jobs and training within the neighborhood. In its first two years, this organization built or rehabilitated 37 homes. The goal by the year 2000 is to have improved or built a total of 150 homes in the participating neighborhoods.

SERVICE TEST

TCF provides an exceptional level of community development services. In addition, TCF offers a wide variety of banking services, many of which are targeted to low- and moderate-income individuals. Services are readily accessible throughout the assessment area.

Performance in the Minneapolis-St. Paul assessment area drives TCF's service rating. This area accounts for 90% of the bank's deposits, 80% of stand-alone branches, 86% of Cub Store branches and 90% of the ATMs. TCF has a 7% deposit market share in this area. No other individual assessment area accounts for more than 3% of bank deposits, 4% of bank stand alone branches, 7% of Cub Store branches or 2% of ATMs. TCF's deposit market share within the other assessment areas is 7% or less.

Retail Banking Services

Retail banking services do not vary significantly between assessment areas. Business hours are slightly less outside the Minneapolis-St. Paul assessment area, but are still convenient. Many of TCF's offices have Saturday hours, and seven-day-a-week banking is available at Cub Store branches in the Minneapolis-St. Paul assessment area as well as St. Cloud, Rochester, and Mankato. Branch hours do not vary by the income levels of the assessment areas. On average, the branches in low- and moderate-income areas have the same hours as those in middle- and upper-income areas. Since 1995, TCF has opened one branch in Duluth and 16 within the Minneapolis-St. Paul assessment area. With these branch openings in the Minneapolis-St. Paul assessment area, TCF improved branch accessibility in LMI areas by opening one branch in a low-income area and two branches in moderate-income areas. TCF sold three outstate branches during the evaluation period, none of which were in low- or moderate-income geographies. TCF did not close any branches during the evaluation period.

TCF serves its assessment areas through an extensive network of 78 branches, 64 of which are in the Minneapolis-St. Paul assessment area. In relation to deposits, the bank has twice as many branches as Minnesota's deposit market share leaders - Norwest and U.S. Bank.

Business hours are generally longer and more accessible than competing banks. Most branches stay open until 7 p.m. on weekdays and at least half-days on Saturday. Twenty-nine branches are located in Cub Food Stores, which are open every day of the week. Customers can also access banking services via the bank's network of more than 620 ATMs. Many of TCF's ATMs include a deposit-taking feature, although TCF did not have data regarding whether this feature is available throughout its assessment areas.

The distribution of branches and ATMs among geographies of different income levels is very good in low-income tracts and consistent with market demographics in moderate-income tracts. The following table summarizes the geographical distribution for all of TCF's branches and ATMs.

Table 10

GEOGRAPHIC DISTRIBUTION OF BANK BRANCHES AND ATMS TCF Minnesota										
Delivery System	Bank Total	% of State	Income Level of Census Tract Where Branch/ATM is Located							
			Low		Moderate		Middle		Upper	
			#	%	#	%	#	%	#	%
Branch Offices	78	100%	4	5%	9	12%	44	56%	21	27%
Bank ATMs	576*	93%	49	8%	54	9%	348	56%	125	20%
<i>Family Distribution</i>	<i>733,253</i>	<i>64%</i>	<i>24,339</i>	<i>3%</i>	<i>74,269</i>	<i>10%</i>	<i>462,651</i>	<i>63%</i>	<i>171,994</i>	<i>24%</i>
<i>Household Distribution</i>	<i>1,087,364**</i>	<i>66%</i>	<i>57,870</i>	<i>6%</i>	<i>132,913</i>	<i>12%</i>	<i>666,433</i>	<i>61%</i>	<i>230,145</i>	<i>21%</i>
<i>Census Tracts</i>	<i>763***</i>	<i>62%</i>	<i>59</i>	<i>8%</i>	<i>111</i>	<i>15%</i>	<i>429</i>	<i>56%</i>	<i>151</i>	<i>20%</i>

- * 22 (4%) of TCF's ATMs are in its assessment areas but could not be geocoded and are not included
 22 (4%) of TCF's ATMs (cash dispensing only machines) are not located in the assessment areas and are not included
- ** 3 households are in census tracts with unreported income
- *** 13 census tracts in TCF assessment areas have no reported income

In the Minneapolis-St. Paul assessment area, the distribution of branches and ATMs among geographies of different income levels is very good in low-income tracts and consistent with market demographics in moderate-income tracts. The geographic distribution of branches and ATMs in other assessment areas is at least reasonable. The following table provides branch distribution information for the Minneapolis-St. Paul assessment area.

Table 11

GEOGRAPHIC DISTRIBUTION OF BANK BRANCHES AND ATMS Minneapolis-St. Paul Assessment Area (MSA #5120)										
Delivery System	# in the AA	% of Bank Total	Income Level of Census Tract Where Branch/ATM is Located							
			Low		Moderate		Middle		Upper	
			#	%	#	%	#	%	#	%
Branch Offices	64	82%	4	6%	6	9%	39	61%	15	24%
Bank ATMs	545*	88%	49	9%	52	10%	329	60%	115	21%
<i>Percentage of Families By CT Income</i>			<i>4%</i>		<i>10%</i>		<i>62%</i>		<i>24%</i>	
<i>Percentage of Households By CT Income</i>			<i>6%</i>		<i>12%</i>		<i>60%</i>		<i>21%</i>	

* 13 (2%) of TCF's ATMs are in this assessment area but could not be geocoded and are not included. With these included, this assessment area has 90% of all ATMs.

Community Development Services

TCF provides an exceptional level of community development services. In the last two years, TCF and its employees logged more than 4,900 hours of community development service work with more than 50 different organizations. Primary services provided financial expertise to a variety of community organizations including those that meet affordable housing, economic, and social needs and others that develop affordable housing through grant facilitation. TCF also offered frequent basic banking and home buying seminars. Specific examples of community development services follow:

- C TCF has facilitated the development of nearly 1,300 LMI housing units through its participation in the Federal Housing Loan Banks' Affordable Housing Program. The bank markets the program to local nonprofit organizations, prepares and submits the applications, and administers the funds. To maintain the grant or subsidy, the bank must also ensure the projects' affordable character doesn't change.
- C TCF entered into an agreement with Habitat for Humanity (a provider of LMI housing) to service mortgages at a reduced fee. TCF currently services 129 mortgages.
- C TCF employees served as directors, or otherwise volunteered time, for numerous non-profit organizations. This effort was responsive to community needs and utilized the financial expertise of bank staff. The non-profit organizations included, but were not limited to:
 - C Neighborhood associations for the betterment of LMI areas and individuals (primarily serving the Bancroft, Corcoran, Nokomis East, Phillips, and Seward neighborhoods).
 - C Affordable housing (Greater Minnesota Housing Fund, Habitat for Humanity, Homeownership Center, Twin Cities Neighborhood Housing Services, Whittier Housing Corporation).
 - C Small business development (Brooklyn Park Development Corp, Dinkytown Business Association, Lake Street Partners, MEDA).
 - C Community development corporations for the creation of affordable housing or small business loans (Central Community, Housing Trust, CommonBond, North East Neighborhoods Development Corp, TC Metro Certified Development Co).
 - C Job counseling/employment for LMI individuals (Anishinabe Council of Job Developers, Community Involvement Program, Courage Center, Private Industry Council Board, TC Rise).
 - C Social services for LMI individuals (Boys and Girls Club of Minneapolis, Circles Restored, Person-to-Person, Woodbury Foodshelf).

- C TCF conducted or sponsored 84 home buyer seminars assisting nearly 900 individuals (largely LMI) in 1996 and 1997.
- C TCF conducted over 200 basic banking seminars in 1996 and 1997 at non-profit community organizations and schools.
- C TCF provides loan servicing for the MHFA. The MHFA selected TCF as one of its servicers because of the large volume of loans it generates using MHFA programs. TCF currently services 3,331 MHFA loans totaling \$174 million.

In addition, while TCF banking services are primarily traditional, many target needs of low- and moderate-income individuals and small businesses. Examples are as follows:

- C Totally free checking - This account can be opened with as little as \$100. TCF advertises that it was the first bank to offer this product in their primary market, Minneapolis-St. Paul. It is a major product for the bank, comprising more than 60% of all checking accounts.
- C Small business checking - TCF developed a product in 1997 which allows up to 200 checks cleared per month without charge.
- C Low fee community group checking account - This account, targeted at non-profit organizations, charges ten cent per check or deposit.
- C Savings - An interest-bearing savings account can be opened with as little as \$25. Two withdrawals per month are provided at no charge.
- C Waived minimum balance and service charges - TCF waives all minimum balance requirements and monthly service charges on regular savings accounts with direct deposit of social security payments.
- C Free transactions at Express Teller Automated Teller Machines (ATMs) - Bank customers may access their accounts through ATMs at no charge. In addition, TCF opted to exempt public assistance recipients from paying access fees when they collect benefits from ATMs.
- C Free transfers through an automated telephone service - This service allows 24-hour access to balances, transfers, and checks paid through a toll-free telephone number.

FAIR LENDING REVIEW

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during our review. We reviewed the underwriting decisions the bank made during the first half of 1997 and focused on the race of the applicants. The applications were for both home improvement and residential refinance loans.

APPENDIX

Although the overall rating for TCF was primarily determined by the performance within the Minneapolis-St. Paul assessment area, we also reviewed the level of lending, investment, and service performance of the other assessment areas to determine if the performance in these locations was consistent with that of Minneapolis-St. Paul. Although some of the outstate Minnesota assessment areas have performance that is not favorable compared to Minneapolis-St. Paul, none of the other assessment areas is seen as a detriment to the overall performance and did not negatively impact the rating. These outstate locations constitute a very small share of the bank's business and the performance in these smaller locations should be evaluated from that perspective.

Austin Assessment Area

TCF has a very limited presence in this market with only one branch and two ATMs in Austin. This office's \$30 million in deposits equals only 1% of the bank's total deposits. Within Mower County, TCF has gained a 6.5% market share of deposits. Compared to the volume of loans that the Minneapolis-St. Paul assessment area generated, this Austin market only generated .55% as many HMDA loans and 1.2% as many consumer loans. In light of this assessment area's small size, its performance is reasonably consistent with the Minneapolis-St. Paul assessment area.

The following table shows the demographic characteristics of TCF's Austin assessment area.

ASSESSMENT AREA PROFILE: Non-MSA					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	37,385				
Block Numbering Areas in AA	11	--	9%	82%	9%
In come Level of Families in AA (7% below poverty)	10,366	16%	20%	25%	39%
Families Living in BNA Category	10,366	--	10%	82%	8%
Income Level of Households in AA (11% below poverty)	14,984	22%	17%	21%	40%
Households Living in BNA Category	14,984	--	15%	78%	7%
Owner-Occupied Housing (% of # in BNA)	11,623	--	10%	81%	9%
Businesses (% of # in BNA)	1,141	--	28%	66%	6%
Median Housing Value = \$42,374					
Median Family Income = \$28,933					
HUD Adjusted Median Family Income for 1997 = \$38,400					
Unemployment Rate = 2% in 1997					

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

This office has done a good job reaching low- and moderate-income borrowers for its HMDA products. The percentage of loans made at these levels far exceeds the percentage of families with incomes at those levels. The

percentage of loans made into moderate-income geographies is good and exceeds the percentage of families in that BNA. The volume of loans made to moderate-income borrowers for consumer loans is very good. Proportionally, the volume of consumer loans made to low-income households is very small and indicates much weaker penetration. The percentage of consumer loans made in the moderate-income BNA is less than demographics which indicates weaker penetration into this BNA.

The following table summarizes the lending performance in the Austin assessment area.

LENDING TEST: Non-MSA							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	71	3,547	BNA	--	14%	79%	7%
			B	15%	31%	27%	27%
Consumer Loans	124	1,898	BNA	--	6%	83%	11%
			B	10%	26%	36%	28%
Small Loans to Businesses	0	0	BNA	--	--	--	--
Community Development	0	0					
TOTAL LENDING	195	5,445					

Data Source: Bank Records (1996 and January through September 1997)

BNA = Income level of census tracts. B = Income level of borrower.

This office did not have any qualifying investments or grants.

This office has one branch located in a moderate-income BNA. It has two ATMs, neither of which could be geocoded. Products and services are similar to those found in all TCF assessment areas. Hours are similar to those found in the smaller TCF markets in greater Minnesota.

Duluth Assessment Area

TCF has a very limited presence in the city of Duluth. There is only one branch office and three ATMs. The branch and two ATMs are located in upper-income census tracts. The remaining ATM could not be geocoded. This office has a very small level of deposits that is less than a one-percent market share among all Duluth banks and is also less than one percent of all TCF deposits. The volume of loans made is very small and is less than one percent of the volume of loans made in the Minneapolis-St. Paul assessment area. Overall CRA performance for this assessment area is not consistent with the performance found in the Minneapolis-St. Paul assessment area. This is primarily because loans that are made within this assessment area were made to middle- and upper-income borrowers and TCF's locations favor higher income individuals.

The following table shows the demographic characteristics of TCF's Duluth assessment area.

ASSESSMENT AREA PROFILE: MSA # 2240 Duluth-Superior, MN-WI						
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper	NA
Population	100,598					
Census Tracts in AA	41	15%	24%	34%	22%	5%
Income Level of Families in AA (10% below poverty)	25,120	18%	18%	22%	42%	--
Families Living in CT Category	25,120	5%	18%	42%	35%	--
Income Level of Households in AA (15% below poverty)	39,908	25%	15%	17%	43%	--
Households Living in CT Category	39,908	11%	20%	39%	30%	--
Owner-Occupied Housing (% of # in CT)	26,915	3%	15%	45%	37%	--
Businesses (% of # in CT)	3,420	39%	14%	31%	16%	--
Median Housing Value = \$44,403						
Median Family Income = \$30,561						
HUD Adjusted Median Family Income for 1997 = \$40,600						
Unemployment Rate = 3% in 1997						

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

NA = No income designation.

The proportion of HMDA loans made to low- and moderate-income borrowers is much lower than the performance demonstrated within the Minneapolis-St. Paul assessment area. The volume of HMDA loans made to low-income borrowers is much below the percentage of low-income families, even after considering the volume of families that are below the poverty level and are less likely to borrow. The Minneapolis-St. Paul assessment area had an excellent level of lending to moderate-income borrowers. This Duluth assessment area has considerably weaker performance to moderate-income borrowers. The percentage of loans to moderate-income borrowers is well below the percentage of moderate-income families. The same is true for performance in LMI census tracts. The percentage of loans that TCF originated in LMI tracts is well below the percentage of families living in LMI census tracts. The number of consumer loans reported is very small and analysis is not meaningful. The following table summarizes the lending performance in the Duluth assessment area.

LENDING TEST: MSA # 2240 Duluth-Superior, MN-WI							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	71	5,100	CT	3%	11%	38%	48%
			B*	7%	11%	35%	41%
Consumer Loans	14	447	CT	0%	14%	29%	57%
			B	29%	7%	43%	21%
Small Loans to Businesses	0	0	CT	--	--	--	--
Community Development	0	0					
TOTAL LENDING	85	5,547					

Data Source: Bank Records (1996 and January through September 1997)

CT = Income level of census tracts. B = Income level of borrower.

* Row does not equal 100% because 6% of the borrowers did not report income.

The bank made two qualifying investments totaling \$3,900. These were two grants made to an organization that helps provide housing for LMI individuals and a CDC that works to revitalize a LMI neighborhood.

Hours, products, and services are similar to those found at other outstate Minnesota locations.

Mankato-New Ulm Assessment Area

Performance within this assessment area is consistent with the performance of the Minneapolis-St. Paul assessment area. This assessment area contains \$73 million in total deposits which represents approximately 3% of all TCF deposits. Within the Mankato area, the deposits represent approximately a 7% deposit market share. For the nearby New Ulm area, the deposits represents a 4% market share. The volume of HMDA and consumer loans equals 1.2% and 2.6%, respectively, of the number of loans made in the Minneapolis-St. Paul assessment area.

The following table shows the demographic characteristics of TCF’s Mankato-New Ulm assessment area.

ASSESSMENT AREA PROFILE: Non-MSA					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	109,104				
Block Numbering Areas in AA	28	--	7%	61%	32%
Income Level of Families in AA (7% below poverty)	26,017	14%	15%	24%	47%
Families Living in BNA Category	26,017	--	4%	57%	39%
Income Level of Households in AA (14% below poverty)	39,048	20%	15%	19%	46%
Households Living in BNA Category	39,048	--	7%	59%	34%
Owner-Occupied Housing (% of # in BNA)	27,212	--	3%	59%	38%
Businesses (% of # in BNA)	3,544	--	14%	58%	28%
Median Housing Value = \$57,696					
Median Family Income = \$28,933					
HUD Adjusted MFI for 1997 = \$38,400					
Unemployment Rate = 2% in 1997					

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

Lending volumes to LMI for both HMDA and consumer loans are generally strong. The volume of HMDA loans made to low-income borrowers is substantially below the percentage of low-income families in the assessment area but this is mitigated by the strong performance demonstrated to moderate-income HMDA borrowers and for consumer loans to LMI. The bank has made one larger qualifying community development loan in the assessment area. The following table summarizes the lending performance in the Mankato-New Ulm assessment area.

LENDING TEST: Non-MSA							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	154	10,702	BNA	--	7%	55%	38%
			B*	5%	23%	29%	39%
Consumer Loans	259	4,984	BNA	--	10%	53%	37%
			B	18%	24%	29%	29%
Small Loans to Businesses	2	196	BNA	--	--	50%	50%
Community Development	1	1,725					
TOTAL LENDING	416	17,607					

Data Source: Bank Records (1996 and January through September 1997)

BNA = Income level of census tracts. B = Income level of borrower.

* Row does not equal 100% because 4% of the borrowers did not report income.

TCF made three qualifying grants totaling \$12,000 within the assessment area. One grant was made to a local food shelf. The other two grants benefitted low-income housing, including a \$10,000 grant that was made to help Minnes State University - Mankato students who are also single parents obtain affordable housing.

This assessment area has three branches with a branch located in a moderate-, a middle-, and an upper-income census tract. The assessment area also has nine ATMs, four of which could not be geocoded. The other five ATMs are located in one moderate-income CT, two middle-income CTs, and two upper-income CTs. Products and services are similar to those found in other markets. Hours are similar to those found in the smaller TCF markets but the office located in the Cub Foods store includes longer evening hours, longer Saturday hours, and Sunday hours.

Marshall-Pipestone Assessment Area

The two offices have a total of \$48 million in deposits. This represents less than two percent of TCF’s total deposits. Within Marshall, TCF has a 4.5% deposit market share. Within Pipestone, TCF has the second highest market share of all financial institutions in the county with a deposit market share just under 14%. Based on loans made to LMI and the investments made within the communities, this office’s performance is not as favorable as that found in the Minneapolis-St. Paul assessment area. There were proportionally fewer real estate loans made within this assessment area than made in the Minneapolis-St. Paul assessment area, especially in the LMI categories. Performance for consumer loans was more consistent with the Minneapolis-St. Paul assessment area. In both assessment areas, the volume of consumer loans made within low- and moderate-income geographies was poor but the volume of consumer loans made to the population of LMI borrowers was good. TCF also did not make qualifying investments within the Marshall-Pipestone assessment area.

The following table shows the demographic characteristics. The area has only one moderate-income BNA and the remaining BNAs are middle-income with one upper-income BNA. There are significantly more households, especially low-income households, than families in the assessment area. There is also a large volume of households below poverty. The moderate-income BNA is located midway between the cities of Marshall and Pipestone. A very high percentage of households (32%) within this BNA are considered low-income. Overall, 21% of the households in this BNA are below poverty. Other BNAs in this assessment area have similar demographics and high levels of households below poverty even though they are designated middle-income tracts. The information may explain why this assessment area has generated a limited volume of LMI loans.

ASSESSMENT AREA PROFILE: Non-MSA					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	35,280				
Block Numbering Areas in AA	12	--	8%	84%	8%
Income Level of Families in AA (9% below poverty)	9,029	18%	18%	26%	38%
Families Living in BNA Category	9,029	--	6%	84%	10%
Income Level of Households in AA (15% below poverty)	13,095	24%	16%	19%	41%
Households Living in BNA Category	13,095	--	5%	84%	11%
Owner-Occupied Housing (% of # in BNA)	9,336	--	6%	84%	10%
Businesses (% of # in BNA)	1,340	--	2%	82%	16%
Farms (% of # in BNA)	104	--	3%	81%	16%
Median Housing Value = \$41,438					
Median Family Income = \$28,933					
HUD Adjusted MFI for 1997 = \$38,400					

ASSESSMENT AREA PROFILE: Non-MSA	
Unemployment Rate = 2% in 1997	

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

The overall level of lending within the moderate-income BNA is poor. For both the consumer and real estate mortgage products, only two percent of the loans made were within the moderate-income BNA. For HMDA-related loans, the volume of loans to low-income borrowers is poor in comparison to the volume of low-income families. The volume loans made to moderate-income families, however, exceeds the percentage of moderate-income families and is considered good. The volume of consumer loans made to LMI borrowers is good and shows better responsiveness than what was demonstrated for the mortgage products. This better responsiveness is shown by comparing the percentages of LMI consumer loans to the percentages of LMI households. In this case, the percentage of loans made to low-income borrowers nearly matches demographics while the percentage of loans made to moderate-income borrowers exceeds demographics.

The following table summarizes the lending performance in the Marshall-Pipestone assessment area.

LENDING TEST: Non-MSA							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	58	2,854	BNA	--	2%	83%	15%
			B*	7%	21%	31%	38%
Consumer Loans	214	1,963	BNA	--	2%	74%	24%
			B	21%	18%	29%	32%
Small Loans to Businesses	0	0	BNA	--	--	--	--
Community Development	0	0					
TOTAL LENDING	198	4,817					

Data Source: Bank Records (1996 and January through September 1997)

BNA = Income level of census tracts. B = Income level of borrower.

* Row does not equal 100% because 3% of the borrowers did not report income.

In addition to the two branch locations, TCF has one ATM in this assessment area which is located in an upper-income BNA. Products and services are similar to those offered in all locations. Hours are similar to those found in the other small TCF markets.

Rochester Assessment Area

TCF has a relatively small presence within this assessment area but it has been able to demonstrate excellent responsiveness to LMI borrowers. The lending performance of this office to LMI borrowers is generally better than the performance demonstrated by the Minneapolis-St. Paul office. The Rochester assessment area has \$34 million in deposits which is a 3% share of the market. These deposits represent only 1.4% of TCF total deposits. The volume loans generated in this assessment area is also equal to only 1.8% of the loans generated and reported in the Minneapolis-St. Paul assessment area. The following table shows the demographic characteristics of TCF's Rochester assessment area.

ASSESSMENT AREA PROFILE: MSA # 6820 Rochester, MN						
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper	NA
Population	106,470					
Census Tracts in AA	22	--	18%	64%	14%	4%
Income Level of Families in AA (4% below poverty)	28,097	15%	19%	29%	37%	--
Families Living in CT Category	28,097	--	15%	67%	18%	--
Income Level of Households in AA (8% below poverty)	40,161	21%	17%	23%	39%	--
Households Living in CT Category	40,161	--	18%	65%	17%	--
Owner-Occupied Housing (% of # in CT)	29,012	--	15%	66%	19%	--
Businesses (% of # in CT)	3,778	--	15%	71%	14%	--
Median Housing Value = \$75,645						
Median Family Income = \$43,196						
HUD Adjusted MFI for 1997 = \$57,100						
Unemployment Rate = 2% in 1997						

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

NA = No income designation.

The volume of loans made within the low- and moderate-income categories exceeds the appropriate demographic data used in our comparative analyses. This shows that TCF is reaching LMI borrowers and borrowers within the assessment area's moderate-income census tracts.

The following table summarizes the lending performance in the Rochester assessment area.

LENDING TEST: MSA # 6820 Rochester, MN							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	362	27,818	CT	--	17%	63%	20%
			B*	22%	35%	26%	14%
Consumer Loans	209	3,719	CT	--	14%	75%	11%
			B	31%	28%	23%	18%
Small Loans to Businesses	2	1,032	CT	--	50%	50%	0
Community Development	0	0					
TOTAL LENDING	573	32,569					

Data Source: Bank Records (1996 and January through September, 1997)

CT = Income level of census tracts. B = Income level of borrower.

* Row does not equal 100% because 3% of the borrowers did not report income.

TCF made five qualifying investments in the form of grants within this assessment area totaling \$8,800. Three grant involved affordable housing; one grant benefitted a local food shelf; the last was for small businesses to assist with s up or expansion.

This assessment area has three branches and six ATMs. Their distribution is reasonable based on the size of the assessment area and demographics. The following table shows the distribution by geography:

GEOGRAPHIC DISTRIBUTION OF BANK BRANCHES AND ATMS SERVICE TEST: MSA #6820 ROCHESTER, MN				
	Low-Income CT	Moderate-Income CT	Middle-Income CT	Upper-Income CT
Branch Locations	--	1	1	1
ATMs	--	1	4	1

Products and services are similar to what is offered at all other locations. Hours are also reasonably convenient. The branch in the Cub Foods store provides longer evening hours, nine hours on Saturday, and five hours on Sunday.

St. Cloud Assessment Area

The performance within this assessment area is not consistent with that found in Minneapolis-St. Paul. This is based on analysis that shows this assessment area has essentially no loans made in either the low- or the moderate-income census tract and the fact that the volume of HMDA lending to low-income borrowers is weak. This assessment area also does not have any branch offices or ATMs located in the low- or moderate-income census tracts. The absence of a physical location in these CTs may partially explain the lack of lending. By looking at the lending test table on the next page, loans were made in middle- and upper-income CTs. TCF was, however, particularly successful reaching LMI for consumer loans (also shown on the lending test table). This assessment area has \$50 million of deposits which result in a market share of less than three percent. The deposits represent only two percent of TCF's total deposits.

Note that the demographics of this area show a larger population of households than families. This reflects the influence of the large student population from nearby colleges and universities. There is only one low-income census tract in this assessment area. This census tract shows a large concentration of households - 263 households compared to 20 families and the median age of the CT is 25. This census tract also shows that 303 units of the 313 total housing units are rental. There is limited opportunity within this tract for financial institutions to provide real estate lending.

The following table shows the demographic characteristics of TCF's St. Cloud assessment area.

ASSESSMENT AREA PROFILE: MSA # 6980 St. Cloud, MN					
DEMOGRAPHIC CHARACTERISTICS	#	Low	Moderate	Middle	Upper
Population	148,976				
Census Tracts in AA	36	3%	3%	80%	14%
Income Level of Families in AA (7% below poverty level)	35,712	17%	19%	27%	37%
Families Living in CT Category	35,712	0%	3%	83%	14%
Income Level of Households in AA (13% below poverty)	50,663	22%	16%	22%	40%
Households Living in CT Category	50,663	1%	3%	84%	12%
Owner-Occupied Housing (% of # in CT)	35,749	0%	3%	84%	13%
Businesses (% of # in CT)	5,729	5%	2%	83%	10%
Median Housing Value = \$60,763					
Median Family Income = \$32,693					
HUD Adjusted Median Family Income for 1997 = \$43,300					
Unemployment Rate = 3% in 1997					

Data Source: 1990 Census Data - U. S. Bureau of the Census; Dun & Bradstreet; Bureau of Labor Statistics

The volume of consumer loans made to low- and moderate-income households in the assessment area is excellent. The volume of HMDA loans made to moderate-income families in the assessment area is also excellent. In both types of loan products, the percentage of loans made essentially equals or greatly exceeds the appropriate demographic category used for our comparative analysis. But, as stated above, the volume of HMDA loans made to low-income borrowers is substantially below the volume of low-income families. This demonstrates poor performance to families at this income level. The bank made one community development loan in the assessment area.

The following table summarizes the lending performance in the St. Cloud assessment area.

LENDING TEST: MSA # 6980 St. Cloud, MN							
LOAN TYPE	#	\$ (000's)		Low % of # of loans	Moderate % of # of loans	Middle % of # of loans	Upper % of # of loans
HMDA Products	346	24,830	CT	0%	0%	80%	20%
			B*	5%	26%	34%	27%
Consumer Loans	276	4,547	CT	0%	0%	80%	20%
			B	21%	21%	27%	31%
Small Loans to Businesses	9	1,920	CT	0%	0%	100%	0%
Community Development	1	23					
TOTAL LENDING	632	31,320					

Data Source: Bank Records (1996 and January through September 1997)

CT = Income level of census tracts. B = Income level of borrower.

* Row does not equal 100% because 8% of the borrowers did not report income.

TCF made two grants within this assessment area totaling \$4,320. One grant was made for painting which would revitalize homes for LMI residents. The other grant provided education for LMI homeowners on how to prevent foreclosures and related topics.

As stated above, this assessment area does not have any branches or ATMs located in a low- or moderate-income CT. There are four branches; two are in middle-income census tracts and two are in upper-income census tracts. There are 17 ATMs in the assessment area; eleven located in middle-income tracts, four in upper-income tracts, and two that could not be geocoded. Hours allow reasonable access and include a Cub Foods location that has seven-day a week banking and expanded evening hours. Products and services are similar to what is offered at all locations.