FRB Order No. 2021-07
May 25, 2021

FEDERAL RESERVE SYSTEM

Huntington Bancshares Incorporated
Columbus, Ohio

Order Approving the Acquisition of a Bank Holding Company

Huntington Bancshares Incorporated ("Huntington"), Columbus, Ohio, a financial holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act"),[1] has requested the Board's approval under section 3 of the BHC Act[2] to acquire TCF Financial Corporation ("TCF"), Detroit, Michigan, a financial holding company, and thereby indirectly acquire TCF National Bank ("TCF Bank"), Sioux Falls, South Dakota. Following the proposed acquisition, TCF Bank would be merged with and into Huntington's subsidiary national bank, The Huntington National Bank ("Huntington Bank"), Columbus, Ohio.[3]

Notice of the proposal, affording interested persons an opportunity to comment has been published (86 Federal Register 5196 (January 19, 2021)).[4] The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

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[1] 12 U.S.C. § 1841 et seq.

[2] 12 U.S.C. § 1842.

[3] The merger of TCF Bank into Huntington Bank is subject to the approval of the Office of the Comptroller of the Currency ("OCC") pursuant to section 18(c) of the Federal Deposit Insurance Act ("Bank Merger Act"). 12 U.S.C. § 1828(c),

[4] 12 CFR 262.3(b).

Huntington, with consolidated assets of approximately $123.0 billion, is the 35th largest insured depository organization in the United States.[5] Huntington controls approximately $98.6 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.[6] Huntington controls Huntington Bank, which operates in Illinois, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia.

TCF, with consolidated assets of approximately $47.8 billion, is the 55th largest insured depository organization in the United States. TCF controls approximately $39.4 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. TCF controls TCF Bank, which operates in Colorado, Illinois, Michigan, Minnesota, Ohio, South Dakota, and Wisconsin.

On consummation of this proposal, Huntington would become the 25th largest insured depository organization in the United States, with consolidated assets of approximately $170.8 billion, which represent less than 1 percent of the total amount of assets of insured depository institutions in the United States. Huntington would control consolidated deposits of approximately $138.0 billion, which represent less than 1 percent of the total deposits of insured depository institutions in the United States.[7]

Factors Governing Board Review of the Transaction

The BHC Act sets forth the factors that the Board is required to consider when reviewing the merger of bank holding companies or the acquisition of banks.[8] These factors include the competitive effects of the proposal in the relevant geographic

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[5] Consolidated asset and asset ranking data are as of December 31, 2020. Consolidated deposit and deposit market share data are as of June 30, 2020, unless otherwise noted.

[6] In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

[7] See Appendix I for asset and deposit data by state, for states in which Huntington Bank and TCF Bank both have banking operations.

[8] See 12 U.S.C. § 1842.

markets; the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the effectiveness of the involved institutions in combatting money-laundering activities; the convenience and needs of the communities to be served, including the records of performance under the Community Reinvestment Act of 1977 ("CRA")[9] of the insured depository institutions involved in the transaction; and the extent to which the proposal would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. For proposals involving interstate bank acquisitions by bank holding companies, the Board also must consider the concentration of deposits as a percentage of the total deposits controlled by insured depository institutions in the United States and in relevant individual states, as well as compliance with the other provisions of section 3(d) of the BHC Act.[10]

Interstate and Deposit Cap Analyses

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.[11] The Board (1) may not approve an application that would permit an out-of-state bank holding company or bank to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years;[12] (2) must take into account the record of the applicant bank under the CRA and the applicant's record of compliance with applicable state community

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[9] 12 U.S.C. § 2901 et seq.

[10] 12 U.S.C. § 1842(d).

[11] 12 U.S.C. § 1842(d)(1)(A). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. See 12 U.S.C. § 1841(o)(4)(C).

[12] 12 U.S.C. § 1842(d)(1)(B).

reinvestment laws;[13] and (3) may not approve an interstate application if the bank holding company or resulting bank, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company or resulting bank, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in the target bank's home state or in any state in which the acquirer and target have overlapping banking operations.[14]

For purposes of the BHC Act, the home state of Huntington is Ohio. TCF Bank is located in Colorado, Illinois, Michigan, Minnesota, Ohio, South Dakota, and Wisconsin. Huntington is well capitalized and well managed under applicable law, and Huntington Bank has an "Outstanding" rating under the CRA.[15] Minnesota and Wisconsin have minimum age requirements that apply to Huntington's acquisition of TCF.[16] Colorado, Illinois, Michigan, and South Dakota do not have minimum age requirements. TCF Bank has been in existence for more than five years.

On consummation of the proposed transaction, Huntington would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Of the states in which Huntington and TCF have overlapping banking operations, Colorado imposes a 25 percent limit on the total amount of in-state deposits that a single banking organization may control, and Illinois, Ohio, and

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[13] 12 U.S.C. § 1842(d)(3).

[14] 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or branch. The Board considers a bank to be located in any state in which the bank is chartered, headquartered, or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

[15] 12 U.S.C. § 2901 et seq. Only one of the jurisdictions in which Huntington operates—West Virginia—has a state community reinvestment law. See W. Va. Code §§ 31A-8B-1 to 31-8B-5. However, the law does not apply to Huntington.

[16] See Minn. Stat. Ann. § 49.411 (5 years); Wis. Stat. Ann. § 221.0901(8) (5 years).

Wisconsin each impose a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.[17] The combined organization would control approximately 0.7 percent of the total amount of deposits of insured depository institutions in Colorado, 1.5 percent in Illinois, 14.4 percent in Ohio, and 0.6 percent in Wisconsin. Accordingly, in light of all the facts of record, the Board is not precluded under section 3(d) of the BHC from approving the proposal.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.[18] The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.[19]

Huntington and TCF have subsidiary banks that compete directly in 20 banking markets in Illinois, Indiana, Michigan, and Ohio. The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the markets ("market deposits") that Huntington would control;[20] the concentration levels of

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[17] See Colo. Rev. Stat. §§ 11-104-202(4) and 11-105-603(5); 205 Ill. Comp. Stat. Ann. § 10/3.09; Ohio Rev. Code. Ann. § 1115.05(B)(1)(a); Wis. Stat. Ann. § 221.0901(7).

[18] 12 U.S.C. § 1842(c)(1)(A).

[19] 12 U.S.C. § 1842(c)(1)(B).

[20] Local deposit and market share data are as of June 30, 2020, and unless otherwise noted, are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in market share calculations on a 50-percent weighted basis.

market deposits and the increase in these levels, as measured by the Herfindahl-Hirschman Index ("HHI") under the DOJ Bank Merger Competitive Review guidelines ("DOJ Bank Merger Guidelines");[21] the number of competitors that would remain in each market; other characteristics of the markets; and, as discussed below, commitments made by Huntington to divest branches in certain markets.[22] The Board also has considered the public comments on the competitive effects of the proposal.[23]

See, e.g., Hancock Whitney Corporation, FRB Order No. 2019-12 at 6 (September 5, 2019).

[21] In applying the DOJ Bank Merger Guidelines issued in 1995 (see https://www.justice.gov/atr/bank-merger-competitive-review-introduction-and-overview-1995), the Board looks to the DOJ's Horizontal Merger Guidelines issued in 1992 and amended in 1997, for the characterization of a market's concentration. See https://www.justice.gov/atr/horizontal-merger-guidelines-0. Under these Horizontal Merger Guidelines, which were in effect prior to 2010, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The DOJ has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010 (see https://www.justice.gov/atr/horizontal-merger-guidelines-08192010), the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

[22] In connection with the transaction, Huntington has committed to divest 14 branches, representing approximately $943.5 million in deposits, all in Michigan.

[23] A commenter expressed concern that the proposal would reduce competition and raise prices for banking products and services in the Detroit, Michigan banking market, which is moderately concentrated with a pre-merger HHI of 1527. The proposed transaction would increase the HHI of that banking market by 61 points to 1588, and the market would remain moderately concentrated. This change would be consistent with Board precedent and within the established guidelines. In addition, Huntington has committed to divest two TCF Bank branches in the Detroit banking market to a competitively suitable institution. See Appendix II.

Banking Markets Within Established Guidelines

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in 12 banking markets. On consummation, one banking market would become highly concentrated; two banking markets would remain highly concentrated; and nine banking markets would remain moderately concentrated, as measured by the HHI. The change in the HHI in these markets generally would be small, consistent with Board precedent, and within the thresholds in the DOJ Bank Merger Guidelines. In addition, numerous competitors would remain in most of these banking markets.[24]

Banking Markets Warranting Special Scrutiny

The structural effects that consummation of the proposal would have in the Alpena, Bay City–Saginaw, Cadillac, Gaylord, Gladwin–Midland, Ludington, Roscommon, and Traverse City banking markets, all in Michigan, warrant a detailed review because the concentration levels on consummation would exceed the thresholds in the DOJ Bank Merger Guidelines or would result in the market deposit share of Huntington equaling or exceeding 35 percent when using initial competitive screening data. In three of these markets, Huntington has committed to divest deposits equal to or exceeding its current market share and, therefore, the levels of concentration as measured by the HHI would decrease slightly on consummation of the merger and proposed divestitures.[25]

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[24] These banking markets and the competitive effects of the proposal in these markets are described in Appendix II.

[25] The three markets are the Cadillac, Gladwin–Midland, and Roscommon banking markets.

Markets Without Divestitures

Alpena, Michigan, Banking Market. Huntington Bank is the third largest insured depository institution[26] in the Alpena banking market, controlling approximately $77.3 million in deposits, which represent 13.6 percent of market deposits.[27] TCF Bank is the second largest insured depository institution in the market, controlling approximately $152.1 million in deposits, which represent 26.7 percent of market deposits. On consummation, Huntington Bank would be the largest insured depository institution in the market, controlling approximately $229.4 million in deposits, which would represent approximately 40.2 percent of market deposits. The HHI in this market would increase 723 points, from 2222 to 2945.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Alpena banking market.[28] In particular, six credit unions exert a competitive influence in the Alpena banking market. Each institution offers a wide range of consumer banking products, operates street-level branches, and has broad membership criteria that include almost all of the residents in the relevant banking market.[29] The Board finds that the deposits of credit unions that exhibit these characteristics should be included at a 50-percent weight in calculating its estimate of

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[26] In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

[27] The Alpena banking market is defined as Alpena County; Presque Isle County; Mitchell, Caledonia, Alcona, and Haynes townships of Alcona County; and Montmorency, Hillman, Avery, Loud, and Rust townships of Montgomery County; all in Michigan.

[28] The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and resulting level of, concentration in a banking market. See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

[29] The Board previously has considered competition from certain active credit unions with these features as a mitigating factor. See, e.g., Huntington Bancshares Incorporated, FRB Order No. 2016-13 (July 29, 2016); BB&T Corporation, FRB Order No. 2015-18 (July 7, 2015); and Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006).

market influence (each a "qualifying credit union"). This weighting takes into account the limited lending done by credit unions to small businesses relative to commercial banks' lending levels.

This adjustment suggests that the resulting market concentration in the Alpena banking market is less significant than would appear from the initial competitive screening data. After consummation and adjusting to reflect competition from credit unions in the market, the level of concentration in the Alpena banking market as measured by the HHI would increase by 375 points, from 1299 to 1674, and the market share of Huntington would increase to 29.0 percent. Eleven other depository institutions, including the qualifying credit unions, would remain in the market, including one depository institution with a market share of more than 20.0 percent.

Ludington, Michigan, Banking Market. Huntington Bank is the sixth largest insured depository institution in the Ludington banking market, controlling approximately \$64.0 million in deposits, which represent 6.6 percent of market deposits.[30] TCF Bank is the third insured largest depository institution in the market, controlling approximately \$152.0 million in deposits, which represent 15.7 percent of market deposits. On consummation, Huntington Bank would be the second largest insured depository institution in the Ludington banking market, controlling approximately \$216.0 million in deposits, which would represent approximately 22.3 percent of market deposits. The HHI in this market would increase 208 points, from 1980 to 2208.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Ludington banking market. In particular, four qualifying credit unions exert a competitive influence in the Ludington banking market.

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[30] The Ludington banking market is defined as Mason County; Elk, Eden, Sauble, Peacock, Sweetwater, Webber, Lake, and Pleasant Plains townships of Lake County; and Onekama, Bear Lake, Manistee, Brown, Dickson, Filer, Stronach, and Norman townships of Manistee County; all in Michigan.

This adjustment for the qualifying credit unions suggests that the resulting market concentration in the Ludington banking market is less significant than would appear from the initial competitive screening data. After consummation and adjusting to reflect competition from the four qualifying credit unions, the level of concentration in the Ludington banking market as measured by the HHI would increase by 156 points, from 1557 to 1714, and the market share of Huntington would increase to 19.4 percent. Ten other depository institutions, including the qualifying credit unions, would remain in the market, including three depository institutions each with a market share of more than 10.0 percent.

Traverse City, Michigan, Banking Market. Huntington Bank is the third largest insured depository institution in the Traverse City banking market, controlling approximately $677.3 million in deposits, which represent 16.0 percent of market deposits.[31] TCF Bank is the second largest insured depository institution in the market, controlling approximately $735.4 million in deposits, which represent approximately 17.4 percent of market deposits. On consummation, Huntington Bank would become the largest insured depository institution in the Traverse City banking market, controlling approximately $1.4 billion in deposits, which would represent approximately 33.4 percent of market deposits. The HHI in this market would increase 556 points, from 1363 to 1919.

The Board has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Traverse City banking market. In particular, six qualifying credit unions exert a competitive influence in the Traverse City banking market.

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[31] The Traverse City banking market is defined as Antrim County (except Banks, Central Lake, Echo, Jordan, and Warner townships); Benzie County; Grand Traverse County; Kalkaska County; Leelanau County; and Arcadia, Pleasanton, Springdale, Cleon, Maple Grove, and Marilla townships of Manistee County; all in Michigan.

This adjustment for the qualifying credit unions suggests that the resulting market concentration in the Traverse City banking market is less significant than would appear from the initial competitive screening data. After consummation and adjusting to reflect competition from the six credit unions referenced above, the level of concentration in the Traverse City banking market as measured by the HHI would increase by 453 points, from 1133 to 1586, and the market share of Huntington would increase to 30.1 percent. Seventeen other depository institutions, including the qualifying credit unions, would remain in the market, including two depository institutions each with a market share of more than 10.0 percent.

Markets with Divestitures[32]

Bay City–Saginaw, Michigan, Banking Market. Huntington Bank is the second largest insured depository institution in the Bay City–Saginaw banking market, controlling approximately $859.7 million in deposits, which represent 19.8 percent of

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[32] As a condition of consummation of the proposed merger, Huntington has committed that it will execute, before consummation of the proposed merger, a sales agreement with a competitively suitable banking organization. Huntington has provided a similar commitment to the DOJ. Huntington also has committed to complete the divestiture of branches within 180 days after consummation of the proposed transaction. In addition, Huntington has committed that if the proposed divestiture is not completed within the 180-day period, Huntington would transfer the unsold branches to an independent trustee, who would be instructed to sell them to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchaser must be deemed acceptable to the Board. See, e.g., BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).

For each branch to be divested, the amount of deposits to be divested has been determined through a householding methodology approved by the DOJ. This householding methodology assigns particular customers to a household and then assigns certain households to the divested branch, generally where the customers execute teller transactions most frequently. Therefore, subject to certain limited exceptions, the proposed divestitures include all deposits of customers that are householded to the divested branches, which is intended to minimize the chance that those customers would revert to the combined organization following the divestitures. Because of this householding methodology, there may be de minimis changes in the HHI of markets with proposed divestitures.

market deposits.[33] TCF Bank is the largest insured depository institution in the market, controlling approximately $931.7 million in deposits, which represent 21.5 percent of market deposits. On consummation, Huntington Bank would become the largest insured depository institution in the Bay City–Saginaw banking market, controlling approximately $1.8 billion in deposits, which would represent approximately 41.3 percent of market deposits. The HHI in this market would increase 852 points, from 1321 to 2173.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Bay City–Saginaw banking market. In particular, 14 qualifying credit unions exert a competitive influence in the Bay City–Saginaw banking market. In addition, Huntington has committed to divest two TCF Bank branches in the Bay City–Saginaw banking market, accounting for a total of approximately $89.3 million in deposits, to a competitively suitable institution.[34]

The adjustment for the qualifying credit unions and accounting for the divestiture of the two TCF Bank branches in the market suggests that the resulting market concentration in the Bay City–Saginaw banking market is less significant than would appear from the initial competitive screening data. After consummation and adjusting to reflect competition from the 14 credit unions referenced above, as well as the divestiture of the two TCF Bank branches, the combined organization would control approximately 28.7 percent of market deposits, and the HHI would increase by 369 points to a level of 1166. Thirty other depository institutions, including the qualifying credit unions, would remain in the market, including two depository institutions each with a market share of more than 10.0 percent.

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[33] The Bay City–Saginaw banking market is defined as Bay County; Saginaw County; Tuscola County except Elmwood and Elkland townships; and Arenac County except Mason, Turner, and Whitney townships; all in Michigan.

[34] See supra note 322.

Cadillac, Michigan, Banking Market. Huntington Bank is the second largest insured depository institution in the Cadillac banking market, controlling approximately $197.4 million in deposits, which represent 26.1 percent of market deposits.[35] TCF Bank is the largest insured depository institution in the market, controlling approximately $277.6 million in deposits, which represent 36.7 percent of market deposits. On consummation, Huntington Bank would be the largest insured depository institution in the Cadillac market, controlling approximately $475.0 million in deposits, which would represent approximately 62.7 percent of market deposits. The HHI in this market would increase 1910 points, from 2469 to 4379.

To mitigate the potentially adverse competitive effects of the proposal in the Cadillac banking market, Huntington has committed to divest three TCF Bank branches in the banking market, accounting for a total of approximately $224.0 million in deposits, to a competitively suitable institution.[36] Other factors also mitigate the competitive effects of the proposal in the Cadillac banking market. Four qualifying credit unions exert a competitive influence in the Cadillac banking market.

After accounting for the divestiture of three TCF Bank branches in the market and weighting the deposits of the qualifying credit unions at 50 percent, the combined organization would control approximately 29.6 percent of market deposits, and the HHI would decrease by 41 points to a level of 1979. Nine other depository institutions, including the qualifying credit unions, would remain in the market, including three depository institutions each with a market share of more than 10.0 percent.

Gaylord, Michigan, Banking Market. Huntington Bank is the third largest insured depository institution in the Gaylord banking market, controlling approximately $121.7 million in deposits, which represent 18.3 percent of market deposits.[37] TCF Bank

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[35] The Cadillac banking market is defined as Missaukee County; Wexford County; and Osceola County except Richmond, Hersey, Evart, and Orient townships; all in Michigan.

[36] See supra note 32.

[37] The Gaylord banking market is defined as Otsego County; Oscoda County; and Vienna, Briley, and Albert townships of Montmorency County; all in Michigan.

is the second largest insured depository institution in the market, controlling approximately $192.6 million in deposits, which represent 29.0 percent of market deposits. On consummation, Huntington Bank would be the largest insured depository institution in the Gaylord banking market, controlling approximately $314.3 million in deposits, which would represent approximately 47.3 percent of market deposits. The HHI in this market would increase 1060 points, from 2356 to 3416.

To mitigate the potentially adverse competitive effects of the proposal in the Gaylord banking market, Huntington has committed to divest one TCF Bank branch in the banking market, accounting for a total of approximately $117.8 million in deposits, to a competitively suitable institution.[38] Other factors also mitigate the competitive effects of the proposal in the Gaylord banking market. Four qualifying credit unions exert a competitive influence in the Gaylord banking market.

After accounting for the divestiture of one TCF Bank branch in the Gaylord banking market and weighting the deposits of the qualifying credit unions at 50 percent, the combined organization would control approximately 22.4 percent of market deposits, the HHI would increase by 8 points to a level of 1632. Nine other depository institutions, including the qualifying credit unions, would remain in the market, including one depository institution with a market share of more than 20.0 percent.

Gladwin–Midland, Michigan, Banking Market. Huntington Bank is the fifth largest insured depository institution in the Gladwin–Midland banking market, controlling approximately $92.0 million in deposits, which represent 4.0 percent of market deposits.[39] TCF Bank is the largest insured depository institution in the market, controlling approximately $1.5 billion in deposits, which represent 66.9 percent of market deposits. On consummation, Huntington Bank would be the largest insured depository institution in the Gladwin–Midland banking market, controlling approximately

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[38] See supra note 322.

[39] The Gladwin–Midland banking market is defined as Gladwin County, Michigan, and Midland County, Michigan.

$1.6 billion in deposits, which would represent approximately 70.9 percent of market deposits. The HHI in this market would increase 537 points, from 4697 to 5234.

To mitigate the potentially adverse competitive effects of the proposal in the Gladwin–Midland banking market, Huntington has committed to divest one TCF Bank branch in the banking market, accounting for a total of approximately $101.8 million in deposits, to a competitively suitable institution.[40] Other factors also mitigate the competitive effects of the proposal in the Gladwin–Midland banking market. Four qualifying credit unions exert a competitive influence in the Gladwin–Midland banking market.

After accounting for the divestiture of the TCF branch in the market and weighting the deposits of the qualifying credit unions at 50 percent, the combined organization would control approximately 45.6 percent of market deposits, less than TCF Bank controlled prior to the transaction, and the HHI would increase by 21 points to a level of 2877. Ten other depository institutions, including the qualifying credit unions, would remain in the market, including one depository institution with a market share of more than 20.0 percent.

Roscommon, Michigan, Banking Market. Huntington Bank is the third largest insured depository institution in the Roscommon banking market, controlling approximately $67.2 million in deposits, which represent 12.9 percent of market deposits.[41] TCF Bank is the largest insured depository institution in the market, controlling approximately $218.5 million in deposits, which represent 41.9 percent of market deposits. On consummation, Huntington Bank would be the largest insured depository institution in the Roscommon banking market, controlling approximately $285.7 million in deposits, which would represent approximately 54.8 percent of market deposits. The HHI in this market would increase 1079 points, from 3611 to 4690.

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[40] See supra note 32.

[41] The Roscommon banking market is defined as Crawford County, Michigan, and Roscommon County, Michigan.

To mitigate the potentially adverse competitive effects of the proposal in the Roscommon banking market, Huntington has committed to divest two TCF Bank branches in the banking market, accounting for a total of approximately $112.2 million in deposits, to a competitively suitable institution.[42] Other factors also mitigate the competitive effects of the proposal in the Roscommon banking market. Two qualifying credit unions exert a competitive influence in the Roscommon banking market.

After accounting for the divestiture of two TCF Bank branches in the market and weighting the deposits of the qualifying credit unions at 50 percent, the combined organization would control approximately 30.9 percent of market deposits, less than TCF Bank controlled prior to the transaction, and the HHI would decrease by 304 points to a level of 2842. Five other depository institutions, including the qualifying credit unions, would remain in the market, including one depository institution with a market share of more than 30.0 percent.

Conclusion Regarding Competitive Effects

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal with the proposed divestitures of branches in the banking markets, as discussed above, would not likely have a significantly adverse effect on competition in those markets or in any other relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all of the facts of record, including the proposed divestitures, and for the reasons explained above, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the banking markets in which Huntington and TCF compete directly or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

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[42] See supra note 322.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved. In its evaluation of the financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as the public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Huntington, TCF, and their subsidiary depository institutions are each well capitalized, and the combined organization would remain so on consummation of the proposed merger.[43] The proposed transaction is a bank holding company merger that is structured as a share exchange.[44] The asset quality, earnings, and liquidity of both

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[43] Because Huntington determined that the proposed acquisition of TCF would result in a material change in Huntington's risk profile and corporate structure, Huntington submitted an updated capital plan to reflect the proposed acquisition. See 12 CFR 225.8(e)(4)(i).

[44] At the time of the proposed acquisition, each share of TCF common stock would be converted into a right to receive shares of Huntington common stock based on an exchange ratio. In addition, each share of certain noncumulative perpetual preferred TCF

Huntington Bank and TCF Bank are consistent with approval, and Huntington and TCF appear to have adequate resources to absorb the costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the combined organization are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Huntington, TCF, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Huntington, the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations, and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

Huntington, TCF, and their subsidiary depository institutions are each considered to be well managed.[45] The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and the proposed risk-management program for the combined organization appears consistent with approval of this expansionary proposal.

The Board also has considered Huntington's plans for implementing the proposal. Huntington has conducted comprehensive due diligence and is devoting

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stock would be converted into a right to receive substantially similar newly issued preferred Huntington stock.

[45] One commenter expressed concerns about the diversity of Huntington's management. Huntington represents that it would promote a diverse workforce across the combined organization under its Diversity and Inclusion and Operating Plan and noted the recent elevation of its Chief Diversity, Equity, and Inclusion Officer to Huntington's executive team. Although the Board encourages all firms to promote diversity and inclusion in their management and workforce, the statutory factors the Board is required to consider do not include consideration of a firm's record of diversity and inclusion. <u>See</u> <u>Western Bancshares, Inc. v. Board of Governors</u>, 480 F.2d 749 (10th Cir. 1973). <u>See</u> <u>also</u> <u>Wells Fargo & Company</u>, 82 Federal Reserve Bulletin 445 (1996); <u>Community Bank System, Inc</u>., FRB Order No. 2015-34 (November 18, 2015); <u>KeyCorp</u>, FRB Order No. 2016-12 (July 12, 2016); and <u>BB&T Corporation</u>, FRB Order No. 2019-16 (November 19, 2019).

significant financial and other resources to address all aspects of the post-integration process for this proposal. Huntington represents that the combined organization would employ its existing enterprise-wide risk management policies, procedures, and systems. Huntington's existing risk-management policies, procedures, and controls are considered acceptable from a supervisory perspective. In addition, Huntington's management has the experience and resources to operate the combined organization in a safe and sound manner, and the combined organization would integrate existing management and personnel from both Huntington and TCF.[46] Similarly, Huntington represents that an experienced team of management and other personnel is overseeing the integration planning process of both Huntington and TCF.

Based on all the facts of record, including Huntington's supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Huntington and TCF in combating money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.[47] In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of these communities, as well as other potential effects of the proposal on the convenience and needs of the communities to be served, and places particular emphasis on the records of the relevant depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage insured

[46] On consummation of the proposal, Huntington would increase the size of its board by five directors and appoint five directors of TCF to its Board. The combined organization would have a board of 18 directors, 13 from Huntington and 5 from TCF.

[47] 12 U.S.C. § 1842(c)(2).

depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation,[48] and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods.[49]

In addition, the Board considers the banks' overall compliance record and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the institution's business model, marketing and outreach plans, and plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Huntington Bank and TCF Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC and the Consumer Financial Protection Bureau ("CFPB"), confidential supervisory information, information provided by Huntington, and the public comments received on the proposal.

Summary of Public Comments

As noted above, the Board received 113 public comments on the proposal from community groups, nonprofit organizations, customers of the two banking organizations, and other interested organizations and individuals. A majority of commenters supported the proposal.[50] Many of these commenters contended that the proposal would benefit communities and community organizations throughout the

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48 12 U.S.C. § 2901(b).

49 12 U.S.C. § 2903.

50 The Board received approximately 108 comments in support of the proposal.

footprints of Huntington and TCF through increased resources and services provided by the combined organization. Commenters also suggested that the proposal would expand opportunities for community groups, LMI persons, and small businesses. Commenters generally commended Huntington and TCF for their involvement in their communities and described positive experiences related to small business, community development, and charitable contribution and investment programs of both organizations. In addition, commenters praised both organizations for their corporate cultures, which encourage officers and employees to volunteer their time and resources and to provide services to community organizations.

The Board also received five comments opposing the proposal. Several commenters expressed concern that branch closures or changes in customer accounts could adversely affect communities served by Huntington and TCF, especially in the Detroit, Michigan banking market.[51] One commenter also expressed concern that the branch closures could result in job losses, particularly in Detroit.[52] Another commenter alleged that Huntington is not meeting the credit needs of minority and LMI communities

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[51] One commenter representing a community organization located in Detroit expressed specific concern with Huntington's proposal to close legacy TCF branches located in Meijer supermarkets across Michigan.

[52] Huntington represents that the combined organization would take a number of steps to minimize job losses. For example, Huntington has indicated that it plans to employ approximately 1,000 employees of the combined company at the new headquarters of its commercial banking operations in Detroit. Nevertheless, the potential for job losses resulting from a merger is outside of the limited statutory factors that the Board is authorized to consider when reviewing an application or notice under the BHC Act. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973). See also Wells Fargo & Company, 82 Federal Reserve Bulletin 445 (1996); Community Bank System, Inc., FRB Order No. 2015-34 (November 18, 2015); KeyCorp, FRB Order No. 2016-12 (July 12, 2016); and BB&T Corporation, FRB Order No. 2019-16 (November 19, 2019).

and borrowers, particularly in Detroit. The commenter also criticized the diversity of Huntington's management and suppliers.[53]

Businesses of the Involved Institutions and Response to Comments

Huntington and Huntington Bank offer financial products and services to individual customers and businesses, primarily through Huntington Bank's branch network in Illinois, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia. Huntington offers a broad range of banking products and services to its customers, including full-service commercial and consumer banking services; mortgage banking; automobile, recreational vehicle, marine, and equipment financing; investment management, trust, and, brokerage services; and insurance products and services.

TCF and TCF Bank offer financial products and services to individual customers and businesses, primarily through TCF Bank's branch network in Colorado, Illinois, Michigan, Minnesota, Ohio, South Dakota, and Wisconsin. TCF Bank also conducts business through its specialty lending and leasing businesses in all 50 states and in Australia, Canada, and New Zealand. TCF offers a broad range of banking products and services, including consumer and commercial banking, trust and wealth management, and specialty leasing and lending products and services to consumers, small businesses, and commercial customers.

Huntington disputes that branch closures in the Detroit banking market would reduce access to banking products and services for minority and LMI individuals and businesses. Specifically, Huntington notes that all but one of the branches that Huntington proposes to close in the Detroit banking market are less than four miles from

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[53] Huntington represents that it is committed to employing a diverse and inclusive workforce. Huntington has highlighted as examples of this commitment the racial and gender diversity of its workforce; the recent elevation of its Chief Diversity, Equity, and Inclusion Officer to its executive leadership team; and its spending with diverse suppliers, which Huntington represents substantially exceeds the industry average. Nevertheless, the diversity of Huntington's management and suppliers is outside of the limited statutory factors that the Board is authorized to consider when reviewing an application or notice under the BHC Act.

a surviving Huntington Bank Branch and that only two planned branch closures are in LMI locations—both less than 3 miles from the closest surviving branch. Huntington also notes, with respect to the comment regarding closure of the Meijer supermarket branches, that a substantial majority of closed branches would be within five miles of a surviving Huntington Bank branch.

Huntington asserts that Huntington Bank has a strong record of lending to minority and LMI individuals and businesses in the Detroit area. Specifically, Huntington represents that Huntington Bank's mortgage lending activity substantially exceeds that of other banks in the Detroit area relative to its market share of deposits. Huntington also represents that a significant portion of the bank's mortgage loans in the Detroit area were made to minority borrowers and borrowers in LMI census tracts relative to other banks in the market. Huntington asserts that Huntington Bank's small business lending activity is similarly strong relative to its deposit market share and that its lending to businesses in majority-minority and LMI census tracts is consistent with other banks in the Detroit area, with lending to businesses earning under $1 million per year significantly higher than industry-wide levels in the Detroit area. Huntington notes that Huntington Bank participates in numerous lending programs designed to assist minority and LMI individuals and businesses, including affordable mortgage programs, specialty lending programs for LMI borrowers, and government-sponsored loan programs for mortgage and small business borrowers. Similarly, Huntington represents that Huntington Bank participates in free financial education and coaching programs for LMI individuals and small businesses. Huntington represents that it will continue all commitments of Huntington and TCF following the merger, including donations, sponsorships, programs, and service, as well as make new commitments to community groups in Michigan.

Records of Performance under the CRA

In evaluating the convenience and needs factor and the CRA performance of an institution, the Board generally considers the institution's most recent CRA evaluation as well as other information and supervisory views from the relevant federal supervisor or supervisors,[54] which in this case, are the OCC and the CFPB for both banks. In addition, the Board considers information provided by the applicant and by public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.[55] An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large insured depository institutions, such as Huntington Bank and TCF Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's assessment areas ("AAs");

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[54] See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

[55] 12 U.S.C. § 2906.

(2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;[56] (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies. The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.[57]

CRA Performance of Huntington Bank

Huntington Bank was assigned an overall "Outstanding" rating at its most recent CRA performance evaluation by the OCC, as of December 31, 2019 ("Huntington Bank Evaluation").[58] Huntington Bank received an "Outstanding" rating for the Lending

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[56] Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of $1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

[57] See 12 CFR 228.21 et seq.

[58] The Huntington Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed home mortgage loan products reported under the Home Mortgage Disclosure Act, small loans to businesses and small loans to farms reported under the CRA, community development loans, qualified investments, and community development and retail services from January 1, 2016, through December 31, 2019. The Huntington Bank Evaluation covered Huntington Bank's 49 AAs located in eight states and four multistate metropolitan statistical areas ("MSAs"): Florida; Illinois; Indiana; Michigan; Ohio; Pennsylvania; West Virginia; Wisconsin; Cincinnati, Kentucky–Ohio–

Test and Investment Test, and a "High Satisfactory" rating for the Service Test. Although Huntington Bank's overall rating was based on a blend of its state and multistate metropolitan area ratings, examiners gave the greatest weight to the Michigan and Ohio state (the "primary rating areas") ratings, because those two primary rating areas represented Huntington Bank's most significant markets in terms of its branch network and concentration of HMDA- and CRA-reportable loans.

Lending Test

Examiners concluded that Huntington Bank's lending levels reflected excellent responsiveness to AA credit needs in both primary rating areas. Examiners found the overall geographic and borrower distribution of Huntington Bank's originations and purchases of home mortgage loans, small loans to businesses, and small loans to farms were good in both primary rating areas. Examiners noted that community development loans were effective in addressing community credit needs and that Huntington Bank was a leader in making community development loans in both primary rating areas. Examiners also noted that Huntington Bank made extensive use of innovative and flexible lending practices in order to serve AA credit needs in both primary rating areas.

Areas of Concern to Commenters—In Michigan, Huntington Bank received an "Outstanding" rating for the Lending Test, including in the Detroit MSA, Huntington Bank's only AA in the state receiving a full-scope review. Examiners noted that the bank's lending reflected excellent responsiveness to AA credit needs. Examiners found that the bank exhibited a good geographic distribution of home mortgage loans, an excellent geographic distribution of small loans to businesses, and an adequate geographic distribution of small loans to farms throughout the AA. Examiners further

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Indiana MSA; Youngstown–Boardman–Warren, Ohio–Pennsylvania MSA; Wheeling, West Virginia–Ohio MSA; and Weirton–Steubenville, West Virginia–Ohio MSA. The Huntington Bank Evaluation included a full-scope review of 14 of these AAs, including all four multistate MSAs. A limited-scope review was conducted of the remaining 35 AAs.

found that the borrower profile reflected a good distribution of home mortgage loans among individuals of different income levels and a good distribution of loans to businesses and farms of different sizes. Examiners noted that the bank was a leader in making community development loans, with an excellent level of community development lending in the Detroit MSA and made extensive use of innovative and flexible lending practices in order to serve AA credit needs.

Investment Test

Examiners found that Huntington Bank had an excellent level of qualified community development investments and grants and often was in a leadership position with respect to such investments, particularly those that were not routinely provided by private investors in both primary rating areas. Examiners noted that Huntington Bank also exhibited excellent responsiveness to credit and community economic development needs and made significant use of innovative and/or complex investments to support community development initiatives in both primary rating areas.

Areas of Concern to Commenters—In Michigan, Huntington Bank received an overall "High Satisfactory" rating for the Investment Test, with excellent performance in the Detroit MSA. Examiners found that the bank provided an excellent level of qualified community development investments and grants in the Detroit MSA, often in a leadership position, particularly those that are not routinely provided by private investors. Examiners also found that Huntington Bank's investments exhibited excellent responsiveness to credit and community economic development needs and made extensive use of innovative and complex investments to support community development initiatives.

Service Test

Examiners noted that Huntington Bank's delivery systems were accessible to geographies and individuals in both primary rating areas and that Huntington Bank had several alternative delivery systems that provided additional delivery availability and access to banking services to both retail and business customers. Examiners also noted that, to the extent changes were made, Huntington Bank's opening and closing of branches did not adversely affect the accessibility of the bank's delivery systems in the Michigan rating area and the Cleveland and Columbus MSAs in the Ohio rating area, particularly in LMI geographies or to LMI individuals. However, examiners found that, to the extent changes were made, Huntington Bank's opening and closing of branches did adversely affect the accessibility of the bank's delivery systems in the Akron MSA in the Ohio rating area, particularly in LMI geographies and to LMI individuals. Examiners noted that Huntington Bank's services did not vary in a way that inconvenienced the bank's AAs, particularly LMI geographies and individuals, in the primary rating areas. Examiners characterized Huntington Bank as providing a significant level of community development services that were responsive to the needs of its AAs in both primary ratings areas, particularly with financial education for LMI individuals and families.

Areas of Concern to Commenters—In Michigan, Huntington Bank received an overall "High Satisfactory" rating for the Service Test, and the bank's performance in the Detroit MSA was good. Examiners noted that the bank's delivery systems were accessible to all portions of the AA, and the opening and closing of branches generally had not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies and to LMI individuals. Examiners found that Huntington Bank had several alternative delivery systems that provided additional availability and access to banking services to both retail and business customers in the AA and that services and business hours did not vary in a way that inconvenienced the AA, particularly LMI geographies and individuals. Examiners noted that Huntington Bank provided a significant level of community development services that were responsive to identified needs in the AA, particularly with financial education and homebuyer counseling and education for LMI individuals and families.

CRA Performance of TCF Bank

TCF Bank was assigned an overall "Outstanding" rating at its most recent CRA performance evaluation by the OCC, as of August 31, 2020 ("TCF Bank

Evaluation").[59] TCF Bank received an "Outstanding" rating for the Lending Test and "High Satisfactory" ratings for the Investment Test and Service Test.

Lending Test

Examiners noted that the overall geographic distribution of TCF Bank's lending reflected excellent penetration in LMI geographies. Examiners found that the overall distribution of lending among borrowers of different income levels was excellent. Examiners noted that TCF Bank's community development activities were responsive to the credit needs of the bank's AAs.

Areas of Concern to Commenters—In Michigan, TCF Bank received an "Outstanding" rating for the Lending Test, including in the Detroit–Warren–Ann Arbor Combined Statistical Area (the "Detroit CSA"), the bank's only AA in the state receiving a full-scope review. Examiners found that the bank's geographic distribution of home mortgage loans and of loans to small businesses was excellent. Examiners also found that the distribution of loans by borrower income reflected excellent penetration among home mortgage borrowers of different income levels and very poor penetration of small loans to businesses. Examiners noted that the bank made a relatively high level of community development loans and that the community development loans were responsive to economic development and affordable housing needs in the Detroit CSA.

Investment Test

Examiners found that TCF Bank made an overall good level of qualified community development investments in response to AA community development needs

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[59] The TCF Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed HMDA-reportable and CRA small business lending data from January 1, 2017, to December 31, 2019, as well as community development loans, investments, and services from August 8, 2017, to December 31, 2019. The TCF Bank Evaluation covered TCF Bank's ten AAs located in six states and one multistate MSA: Arizona; Colorado; Michigan; Minnesota; South Dakota; Wisconsin; and the Chicago–Naperville–Elgin, Illinois–Indiana–Wisconsin MSA. The TCF Bank Evaluation included a full-scope review of eight of these AAs, including the multistate MSA. A limited-scope review was conducted in the remaining two AAs.

relative to the bank's tier 1 capital. Examiners noted that investments were responsive to community needs, including activities that served broader areas in addition to the bank's AAs.

Areas of Concern to Commenters—In Michigan, TCF Bank received an overall rating of "Outstanding" for the Investment Test. Examiners found that the bank provided an excellent level of qualified community development investments and grants in the Detroit CSA, particularly those that are not routinely provided by private investors and occasionally in a leadership position. Examiners also found that TCF Bank's investments exhibited excellent responsiveness to community needs and made extensive use of innovative and/or complex investments to support community development initiatives. Consideration of statewide investments in Michigan—primarily investments in mortgage-backed securities consisting of mortgage loans extended to LMI borrowers—had a positive impact on the overall Investment Test rating in the state.

Service Test

Examiners found that TCF Bank's service delivery systems were readily accessible in the Illinois-Indiana-Wisconsin multistate MSA and the state of Minnesota and were accessible in the state of Michigan.

Area of Concern to Commenters—In Michigan, TCF Bank received an overall "High Satisfactory" rating for the Service Test. Examiners found that the bank's performance in the Detroit CSA was good and that the bank's service delivery systems were accessible to all geographies and individuals of different income levels. Examiners noted that the bank provided an adequate level of community development services in the Detroit CSA.

Branch Closures

As noted above, several commenters expressed concern that the proposal could result in a significant number of branch consolidations and closures, which could negatively impact minority and LMI communities. The federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.[60] Examiners noted in the Huntington Bank Evaluation that Huntington Bank's opening and closing of branches had not adversely affected the accessibility of the bank's delivery systems in the Michigan primary rating area and in two out of three AAs receiving full-scope reviews in the Ohio primary rating area. With respect to TCF Bank, examiners noted that TCF Bank's opening and closing of branches had not adversely affected the accessibility of the bank's delivery systems.

The Board also has considered the fact that federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before the branch is closed.[61] Huntington represents that any branch closures or consolidations would be subject to Huntington Bank's comprehensive framework for ensuring that individual branch closure and consolidation decisions comply with applicable laws and regulatory guidance. In particular, Huntington represents that any branch closures or consolidations would occur only after conducting appropriate analysis of CRA-related impacts, considering the effect on the community, the ability of the bank to provide service to the area, and the presence of other financial institutions in the area.

Additional Supervisory Views

In connection with its review of the proposal, the Board consulted the OCC as the primary federal supervisor of Huntington Bank and TCF Bank. The OCC is reviewing the bank merger underlying this proposal and, in acting on the bank merger application, must consider similar statutory factors under the Bank Merger Act, including

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[60] See, e.g., 12 CFR 228.24(d)(2). In addition, the Board notes that the OCC, as the primary federal supervisor of Huntington Bank, would continue to evaluate the bank's branch closures in the course of conducting CRA performance evaluations of the bank.

[61] See 12 U.S.C. § 1831r-1. As federal banking law requires, a bank must provide the public with at least 30 days' notice and the appropriate federal supervisory agency with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

regarding convenience and needs, that the Board must consider under the BHC Act. The OCC has been provided copies of the comments that the Board received on the BHC Act application, and the OCC has evaluated these comments in connection with its review of the Bank Merger Act application.

The Board considered the views of the OCC regarding Huntington Bank's CRA and consumer compliance records, record of compliance with fair lending laws and regulations, and policies and procedures relating to fair lending and other consumer protection laws and regulations. This included consideration of Huntington Bank's lending record. The Board also considered the OCC's views regarding TCF Bank's CRA and consumer compliance records, record of compliance with fair lending laws and regulations, and policies and procedures relating to fair lending and other consumer protection laws and regulations. In addition, the Board considered the views of the CFPB regarding the consumer compliance records of both Huntington Bank and TCF Bank.

The Board has taken the views of the OCC and CFPB, as well as all of the information discussed above, into account in evaluating this proposal. The Board has considered whether Huntington has the experience and resources to ensure that the combined organization effectively implements policies and programs that would allow the combined organization to help meet the credit needs of the communities within its AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Huntington represents that the combined organization would be better able to leverage increased scale to invest further in innovation and technology and expand distribution and product offerings for the benefit of its customers. In addition, Huntington represents that existing customers of both Huntington Bank and TCF Bank would have access to a more extensive branch and ATM network and that existing customers of TCF Bank also would benefit from a broader offering of products and services. Huntington represents that, as a larger SBA lender than TCF Bank, Huntington Bank would offer additional loan opportunities for the combined organization's small business customers.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA; the institutions' records of compliance with fair lending and other consumer protection laws; the views of the OCC and CFPB; confidential supervisory information; information provided by Huntington; public comments on the proposal; and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval. The Board expects Huntington to implement policies, programs, and procedures that are commensurate with the increased size and complexity of the institution.

Financial Stability

Section 3 of the BHC Act requires the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."[62]

To assess the likely effect of a proposed transaction on the stability of the U.S. banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.[63] These categories are not exhaustive, and additional categories could

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[62] 12 U.S.C. § 1842(c)(7).

[63] Many of the metrics considered by the Board measure an institution's activities relative to the U.S. financial system.

inform the Board's decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.[64]

In this case, the Board has considered information relevant to the risks to the stability of the U.S banking or financial system. Both Huntington and TCF predominately engage in retail and commercial banking activities, with funding largely derived from core deposits. The proposed acquisition would increase Huntington's size by approximately 40 percent as measured by total assets, deposits, or leverage exposure, but the consolidated institution would still hold well below one percent of total U.S. financial system assets.

Other measures of stability risks point to de minimis increases as a result of the acquisition. The organization would not be a critical services provider or so interconnected with other firms or markets that it would pose significant risk to the financial system in the event of financial distress. In addition, the pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

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[64] For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved.[65] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Huntington with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments and representations made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

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[65] A commenter requested that the Board hold public hearings or meetings on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any proposal unless the appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the proposal. 12 U.S.C. § 1842(b); 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also, in its discretion, may hold a public meeting if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all of the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and would be clarified by a public meeting. In addition, the request does not demonstrate why written comments do not present the commenter's views adequately or why a meeting otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public meeting is not required or warranted in this case. Accordingly, the request for a public meeting is denied.

Several commenters requested an extension of the comment period for the proposal. The Board's rules contemplate that the public comment period will not be extended absent a clear demonstration of hardship or other meritorious reason for seeking additional time. The commenters' requests for additional time to comment do not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend the comment period.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Cleveland, acting under delegated authority.

By order of the Board of Governors,[66] effective May 25, 2021.

Michele Taylor Fennell (signed)
Michele Taylor Fennell
Deputy Associate Secretary of the Board

[66] Voting for this action: Chair Powell, Vice Chair Clarida, Vice Chair for Supervision Quarles, and Governors Bowman, Brainard and Waller.

Appendix I

Asset and Deposit Data in States where Huntington Bank and TCF Bank Both Operate									
	Huntington			TCF			Merged Entity		
State / District	Rank of Insured Depository Institution[67] by Assets	Deposits Controlled (in billions)	Percent of Total Deposits	Rank of Insured Depository Institution by Assets	Deposits Controlled (in billions)	Percent of Total Deposits	Rank of Insured Depository Institution by Assets	Deposits Controlled (in billions)	Percent of Total Deposits
Illinois	23rd	2.9	0.5	15th	7.1	1.2	13th	10.0	1.6
Michigan	7th	19.7	6.9	6th	20.0	7.1	2nd	39.7	14.0
Ohio	3rd	64.1	14.1	24th	1.6	0.3	3rd	65.7	14.4

67 In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

Appendix II

Huntington/TCF Banking Markets
Consistent with Board Precedent and DOJ Bank Merger Guidelines

Data are as of June 30, 2020. All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent. The remaining number of competitors noted in each market includes thrift institutions.

Chicago, IL – Cook County, DuPage County, Lake County, Will County, Kane County, McHenry County, Kendall County, DeKalb County, Grundy County, Kankakee County; plus, Milks Grove, Chebanse, Papineau, Beaverville, Ashkum, Martinton, and Beaver townships of Iroquois County; plus Roger, Mona, Pella, and Brenton Townships in Ford County, all in IL; and Pleasant Prairie, Bristol, Salem, and Randall townships in Kenosha County, WI.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Huntington Pre-Consummation	17	$2.9B	0.6	1028	2	156
TCF	13	$7.4B	1.5			
Huntington Post-Consummation	12	$10.3B	2.1			

Elkhart/Niles/South Bend, IN – Elkhart, St. Joseph, Kosciusko, LaGrange and Marshall Counties, Indiana; Davis, Oregon, Washington, and North Bend (including the entire city of Bass Lake) townships in Starke County, Indiana; Cass County, Michigan; Buchanan, Niles and Bertrand townships in Berrien County, Michigan; the Southern half of St. Joseph County, Michigan (Constantine, Florence, Sherman, Burr Oak, Mottville, White Pigeon, Sturgis, and Fawn River Townships).

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Huntington Pre-Consummation	17	$114.0M	0.9	1612	3	28
TCF	12	$205.5M	1.6			
Huntington Post-Consummation	10	$319.5M	2.5			

Alma, MI – Gratiot County, MI

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Huntington Pre-Consummation	5	$30.9M	4.5	3002	88	3
TCF	4	$66.8M	9.7			
Huntington Post-Consummation	4	$97.7M	14.2			

Coldwater, MI – Branch County, MI						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	7	$15.0M	2.0	3083	28	5
TCF	4	$51.8M	7.0			
Huntington Post-Consummation	4	$66.8M	9.0			

Detroit, MI – Oakland County; Macomb county; Wayne County; Lapeer County; Genesee County; Washtenaw County; St. Clair County; Livingston County; Lenawee County; Shiawassee County; Monroe County (except Whiteford, Bedford, and Erie townships); Sanilac County (except Greenleaf, Austin, Argyle, Moore, Minden, Wheatland, Delaware, and Forester townships); all in Michigan						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	5	$12.0B	6.1	1588	61	49
TCF	6	$10.0B	5.1			
Huntington Post-Consummation[68]	4	$22.0B	11.2			

Grand Rapids, MI – Allegan County; Barry County; Ionia County; Kent County; Mecosta County; Montcalm County; Muskegon County; Newaygo County; Oceana County; Ottawa County; Newkirk, Dover, Ellsworth, Cherry Valley, Pinona, Yates, and Chase townships of Lake County; Richmond, Evart, Hersey, and Orient townships of Osceola County; all in Michigan						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	2	$3.7B	11.5	1207	206	32
TCF	3	$3.0B	9.4			
Huntington Post-Consummation[69]	2	$6.7B	20.7			

[68] The post-consummation calculations reflect Huntington's commitment to divest two TCF Bank branches in the Detroit banking market to a competitively suitable institution.

[69] The post-consummation calculations reflect Huntington's commitment to divest two TCF Bank branches in the Grand Rapids banking market to a competitively suitable institution.

Kalamazoo-Battle Creek, MI – Kalamazoo County; Van Buren County; Flowerfield, Park, Mendon, Leonidas, Fabius, Lockport, Nottawa, and Colon townships of St. Joseph County, MI; all in Michigan						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	12	$140.2M	2.7	1310	52	15
TCF	3	$505.8M	9.6			
Huntington Post-Consummation	3	$646.0M	12.3			

Petoskey, MI – Charlevoix County; Emmet County; Cheboygan County; Banks, Central Lake, Echo, Jordan, and Warner townships of Antrim County; all in Michigan						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	4	$217.3M	11.3	1420	192	9
TCF	3	$264.4M	13.7			
Huntington Post-Consummation[70]	1	431.3	22.3			

Calhoun County, MI – Calhoun County, MI						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	9	$22.3M	1.9	1912	117	9
TCF	1	$373.8M	31.3			
Huntington Post-Consummation	1	$396.1M	33.2			

70 The post-consummation calculations reflect Huntington's commitment to divest one TCF Bank branch in the Petoskey banking market to a competitively suitable institution.

Akron, OH – Summit County, OH (minus Sagamore Hills, Northfield Center, Twinsburg, Richfield and Boston townships, the villages adjoining these townships, and the cities of Twinsburg, Macedonia and Hudson); Franklin, Ravenna, Charlestown, Paris, Brimfield, Rootstown, Edinburg, Palmyra, Suffield, Randolph, Atwater and Deerfield townships, and the city of Kent in Portage County, OH; Guilford, Wadsworth and Sharon townships, and the city of Wadsworth in Medina County, OH; Lawrence and Lake townships in Stark County, OH; and Milton and Chippewa townships, and the villages adjoining these townships, in Wayne County, OH.						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	1	$4.7B	32.4	1694	25	26
TCF	19	$56.3M	0.4			
Huntington Post-Consummation	1	$4.7BM	32.8			

Cleveland, OH – Cuyahoga, Lake, Lorain and Geauga Counties, OH; Sagamore Hills, Northfield Center, Twinsburg, Richfield and Boston townships, the villages surrounding these townships, and the cities of Macedonia, Twinsburg and Hudson in Summit County, OH; Homer, Harrisville, Westfield, Spencer, Chatham, Lafayette, Montville, Litchfield, York, Medina, Granger, Liverpool, Brunswick Hills and Hinckley townships, and the cities of Medina and Brunswick in Medina County, OH; Mantua, Hiram, Nelson, Shalersville, Freedom and Windham townships, and the cities of Aurora and Streetsboro in Portage County, OH; and the city of Vermilion (not whole township) in Erie County, OH.						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	3	$12.7B	13.2	1727	19	36
TCF	16	$688.0M	0.7			
Huntington Post-Consummation	2	$13.4B	14.0			

Youngstown-Warren, OH – Columbiana County OH; Mahoning County, OH (minus Smith township); Trumbull County, OH (minus Brookfield and Hartford townships); and Grant district in Hancock County, WV.						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Huntington Pre-Consummation	6	$2.8B	24.9	1763	355	16
TCF	1	$811.2M	7.2			
Huntington Post-Consummation	1	$3.6B	32.0			