



# **TCF Financial Corporation**

2014 Second Quarter Earnings Presentation

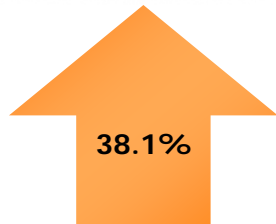
- **Second Quarter Highlights**
  - William Cooper (Chairman & CEO)
- **Credit / Expenses**
  - Mike Jones (EVP, Chief Financial Officer)
- **Lending**
  - Craig Dahl (Vice Chairman)
- **Deposits / Capital**
  - Tom Jasper (Vice Chairman)
- **Summary**
  - William Cooper (Chairman & CEO)
- **Q&A**

# Second Quarter 2014 Highlights vs. Second Quarter 2013



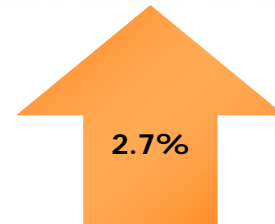
**Earnings per  
Common Share**

\$ .29



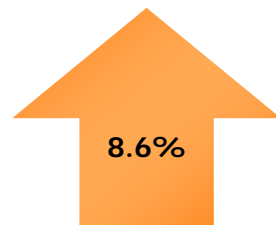
**Revenue**

\$310.1 million



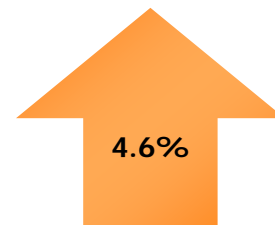
**Loan & Lease  
Originations**

\$3.5 billion



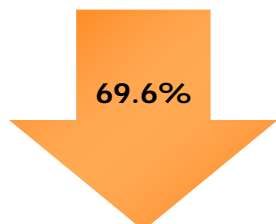
**Average Deposits**

\$14.8 billion



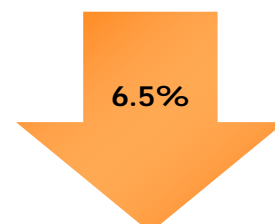
**Provision for Credit  
Losses**

\$9.9 million



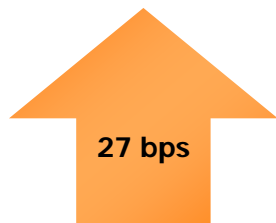
**Non-accrual  
Loans & Leases**

\$260.3 million



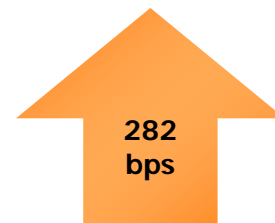
**Return on  
Average Assets<sup>1</sup>**

1.17%



**Return on  
Average Tangible  
Common Equity<sup>1,2</sup>**

12.72%



<sup>1</sup> Annualized

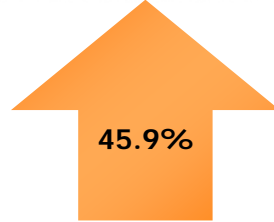
<sup>2</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Return on Average Tangible Common Equity" slide

# YTD 2014 Highlights vs. YTD 2013



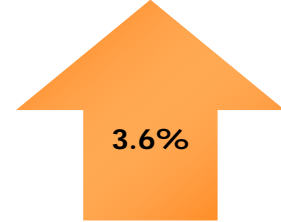
**Earnings per  
Common Share**

\$ .54



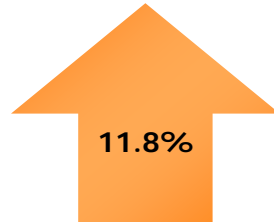
**Revenue**

\$614.8 million



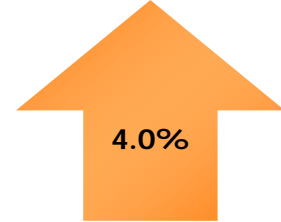
**Loan & Lease  
Originations**

\$6.6 billion



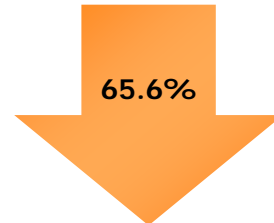
**Average Deposits**

\$14.6 billion



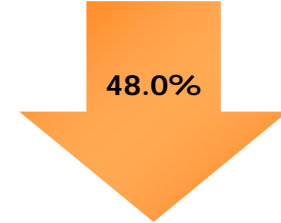
**Provision for Credit  
Losses**

\$24.4 million



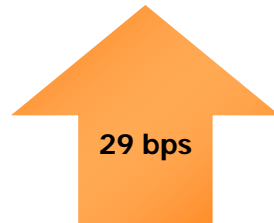
**Net Charge-offs**

\$35.8 million



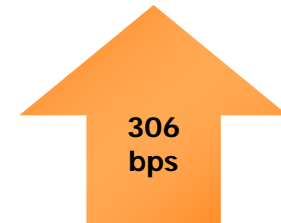
**Return on  
Average Assets <sup>1</sup>**

1.09%



**Return on Average  
Tangible Common  
Equity <sup>1,2</sup>**

11.82%



<sup>1</sup> Annualized

<sup>2</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Return on Average Tangible Common Equity" slide



# Second Quarter 2014 Highlights – Peer Comparison



	TCF YTD 2014 <sup>1</sup>	Peer Group <sup>1,2,3</sup> 1Q14 Average
As a % of average assets:		
Net interest income	4.34%	2.98%
Non-interest income	2.21%	1.09%
Revenue	6.55%	4.07%
Pre-tax pre-provision profit <sup>4</sup>	1.96%	1.56%
Return on average assets	1.09%	.98%
Net interest margin	4.66%	3.38%
Yield on loans and leases	5.10%	4.51%
Yield on securities	2.71%	2.59%
Rate on deposits	.23%	.32%
Average balances as a % of average assets:		
Loans and leases	86.3%	64.6%
Deposits	78.0%	75.0%
Borrowings	8.5%	12.5%
Equity	10.7%	11.5%
Tangible common equity as a % of tangible assets <sup>5</sup> :	8.39%	8.67%

- TCF has a higher margin because it has more loans and higher yielding loan and security portfolios than peers, along with lower rates on deposits
- TCF has more fee income, as a percentage of average assets, due to a large and diversified base of revenue sources

<sup>1</sup> Annualized, on a tax equivalent basis

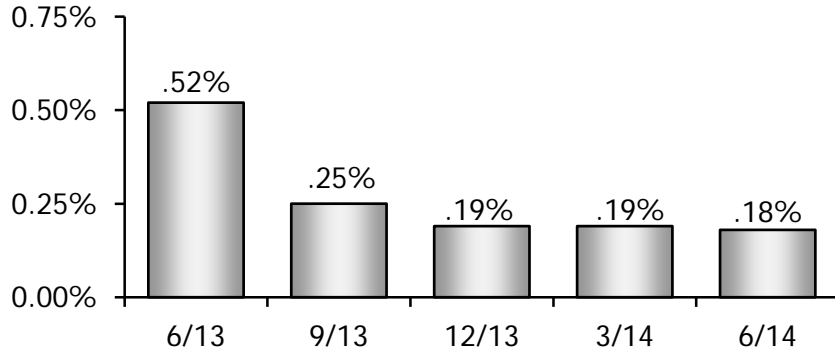
<sup>2</sup> All U.S. publicly-traded banks and thrifts, excluding TCF, with total assets between \$10 and \$50 billion (source: SNL Financial LC; 3/31/2014)

<sup>3</sup> Excluding non-recurring items for non-interest income, revenue and pre-tax pre-provision profit, see "Reconciliation of GAAP to Non-GAAP Financial Measures – Revenue Ratios" slide

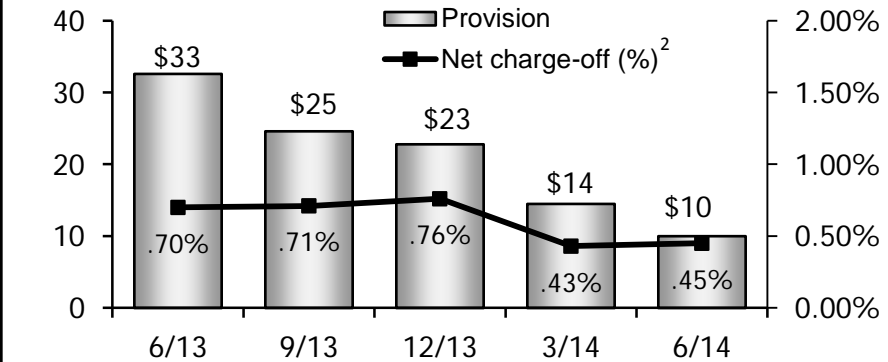
<sup>4</sup> Pre-tax pre-provision profit is calculated as total revenues less non-interest expense

<sup>5</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Tangible Common Equity as a Percentage of Tangible Assets" slide

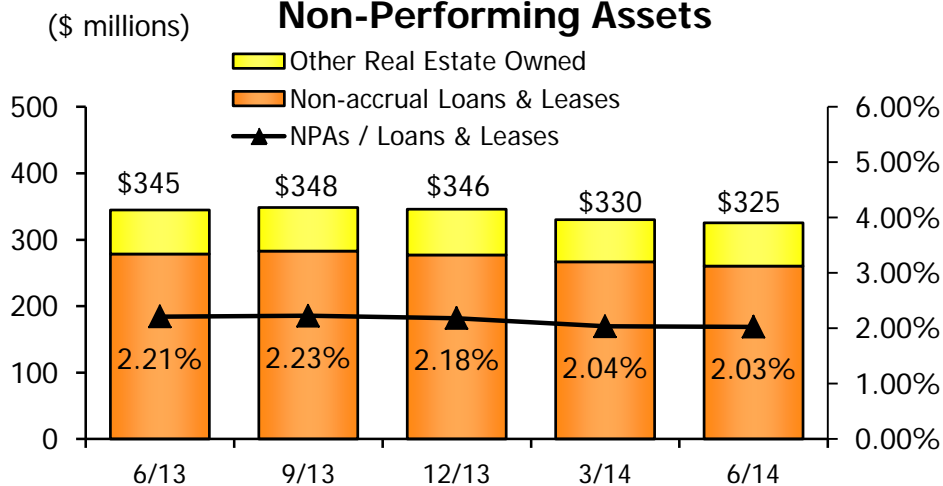
### 60+ Day Delinquencies<sup>1</sup>



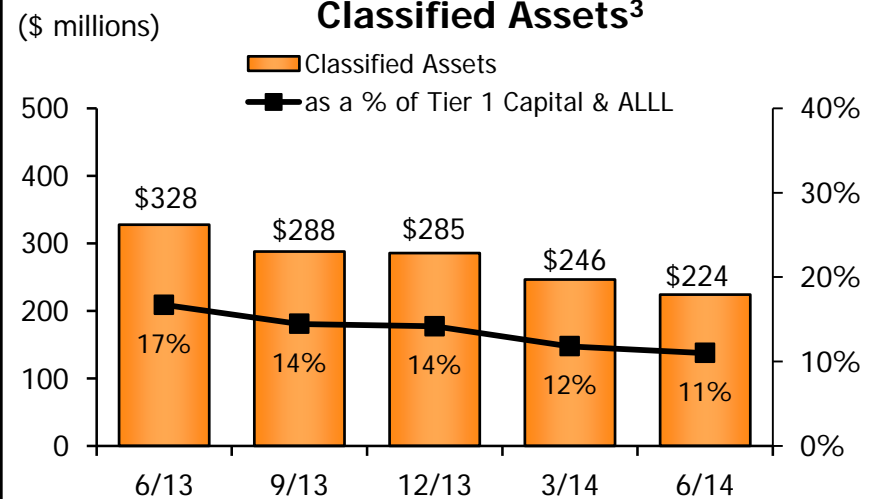
### Provision for Loan Losses



### Non-Performing Assets



### Classified Assets<sup>3</sup>



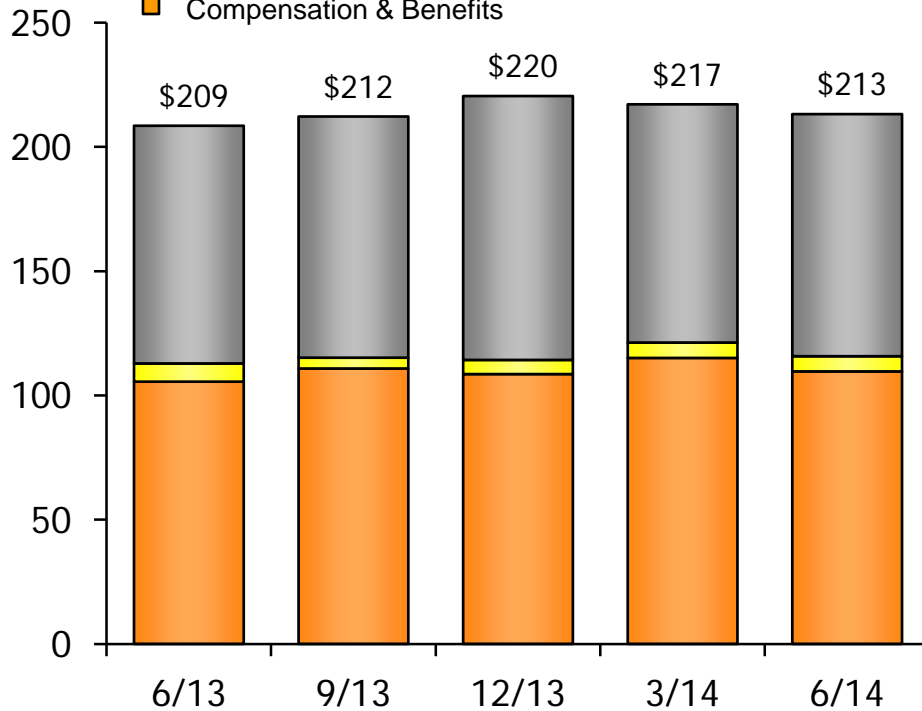
<sup>1</sup> Excludes acquired portfolios and non-accrual loans

<sup>2</sup> Annualized

<sup>3</sup> Loans and leases that management has concerns regarding the ability of the borrowers to meet existing loan or lease terms and conditions, but may never become non-performing or result in a loss

(\$ millions)

- Other (including FDIC Insurance Premiums, Deposit Premiums & Marketing, and Occupancy & Equipment)
- Foreclosed Real Estate and Other Credit Costs
- Compensation & Benefits



- Continued expense optimization expected to be achieved by:
  - Asset growth across the businesses
  - Branch consolidation completed during the first quarter of 2014
  - Reduction in foreclosed real estate and other credit costs as property values continue to increase and overall credit improves
- Total expense base supports growth in the serviced portfolio as well as total assets on the balance sheet

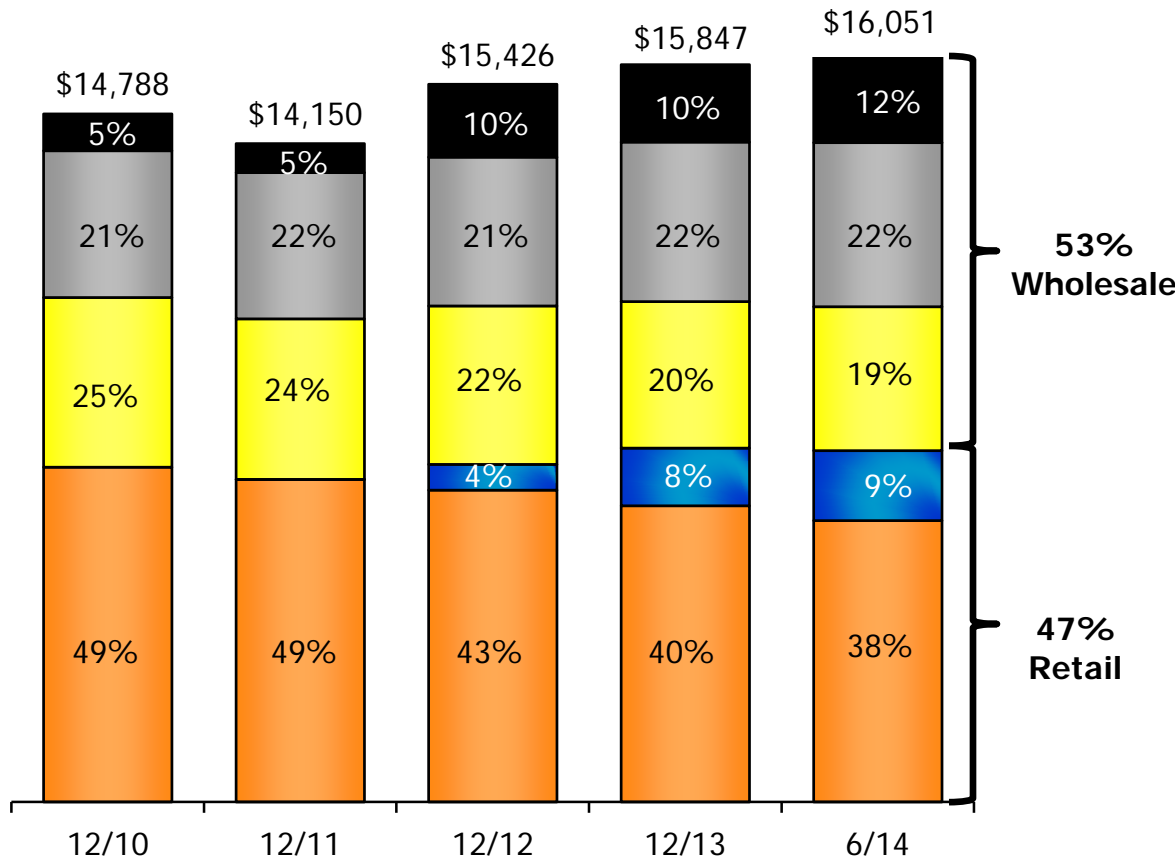
Total Avg Assets & Serviced Portfolio:	\$19,825	\$19,945	\$20,135	\$20,799	\$21,467
% of Total Avg Assets & Serviced Portfolio <sup>1</sup> :	4.21%	4.26%	4.38%	4.18%	3.97%

<sup>1</sup> Annualized



(\$ millions)

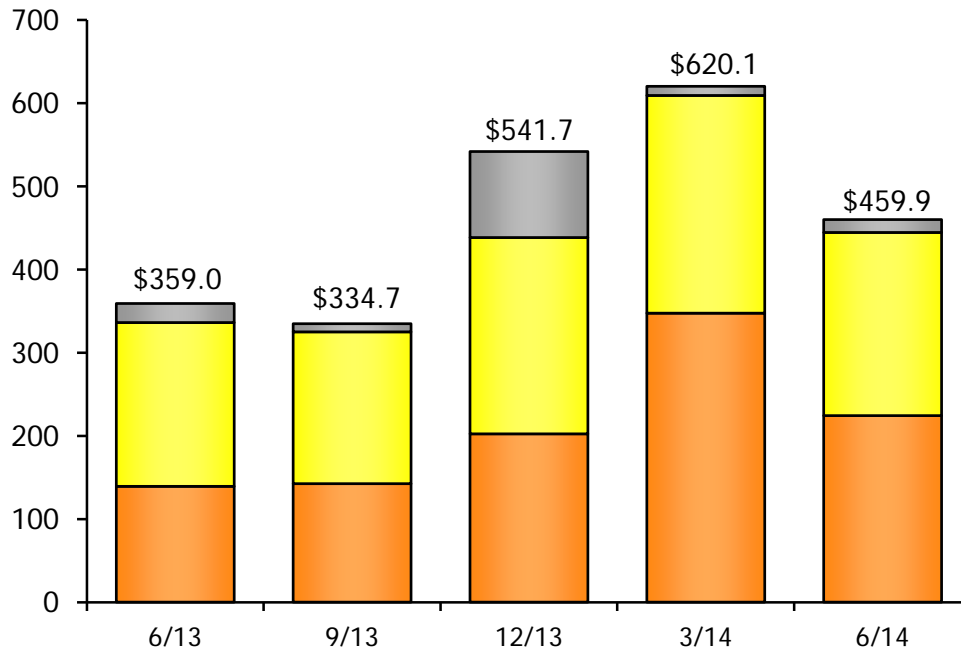
- Inventory Finance
- Leasing & Equipment Finance
- Commercial
- Auto Finance
- Consumer Real Estate & Other



- Continue to diversify loan and lease portfolio across segments and markets
- Multiple business segments give TCF options on where to strategically invest capital in light of competitive environments
- Year-over-year loan and lease growth rate of 3%

(\$ millions)

- Other
- Auto
- Consumer Real Estate & Other Consumer

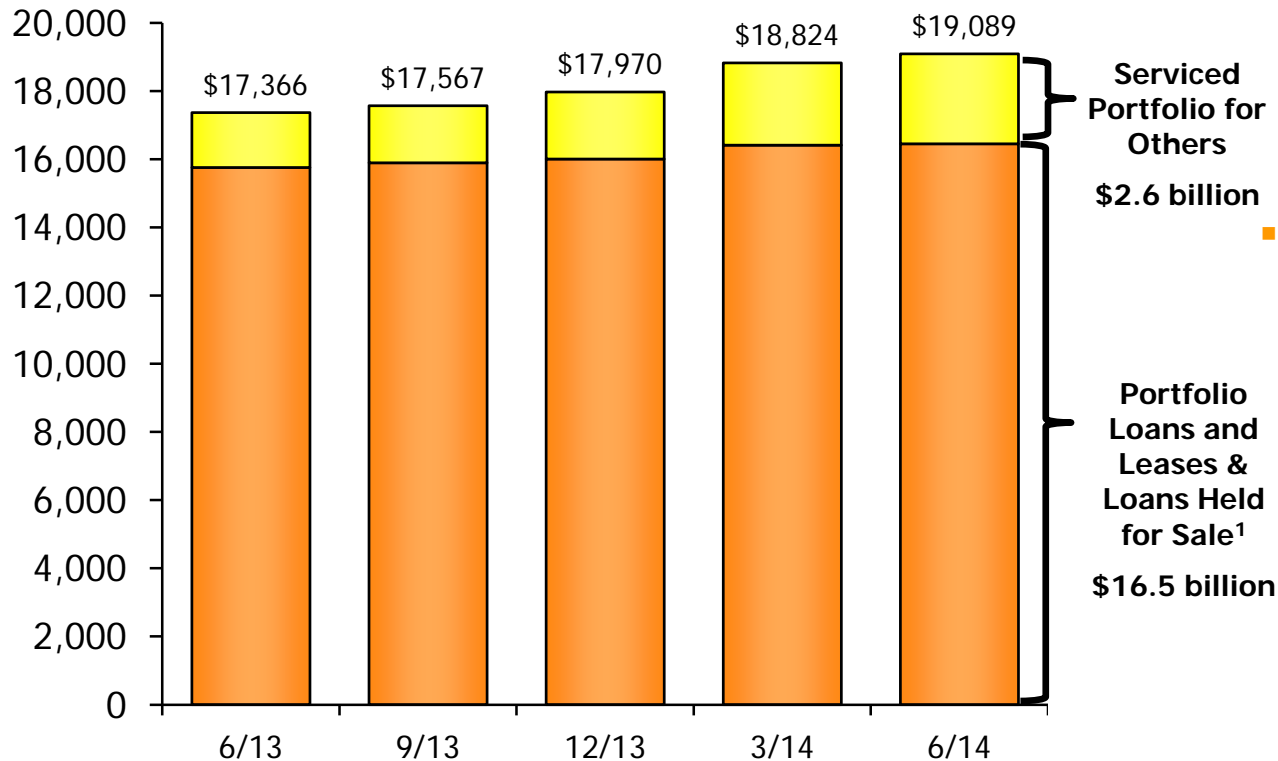


- Loan sales have been a core competency since 4Q11
- Provide flexibility to the organization:
  - Product and geographic concentration
  - Capital and liquidity
  - Additional revenue source

Gains on Sales of Auto Loans:	\$8.1	\$7.1	\$7.3	\$8.8	\$7.4
Gains on Sales of Consumer Real Estate Loans:	\$4.1	\$4.2	\$5.3	\$11.7	\$8.1

(\$ millions)

- Serviced Portfolio for Others
- Portfolio Loans and Leases & Loans Held for Sale<sup>1</sup>



- Serviced portfolio includes primarily consumer real estate and auto loans sold with servicing rights retained by TCF
- Serviced portfolio contributes to revenue through servicing fees and gains on sales of loans
  - Loan servicing income of \$4.9 million in 2Q14
  - \$459.9 million of loan sales in 2Q14 for a gain of \$15.6 million

<sup>1</sup> Includes operating leases

**Loan and lease origination opportunities continue**

(\$ millions)	2Q13	2Q14	Change
Period Beginning Balance	\$15,634	\$16,330	\$696
Originations	3,184	3,458	274
Less Run-off <sup>2</sup>	2,775	2,963	188
Subtotal	409	495	86
Annualized Growth Rate <sup>3</sup>	10%	12%	
Less Loan & Lease Sales	359	460	101
Period Ending Balance	\$15,684	\$16,365	\$681

Change in Originations & Sales		
(\$ millions)	2Q14 vs. 2Q13	
	Originations	Sales
Consumer Real Estate	\$(1)	\$85
Auto Finance	248	23
Total Retail	247	108
Commercial	(30)	2
Leasing	18	(9)
Inventory Finance <sup>4</sup>	39	-
Total Wholesale	27	(7)
Total Lending	\$274	\$101

- Continued strong origination capabilities
- Diversity across asset classes reduces concentration risk
- Originate to sell capability a core competency
- Capacity for earning asset growth

<sup>1</sup> Includes portfolio loans and leases and loans and leases held for sale

<sup>2</sup> Includes activity from payments, pre-payments and charge-offs

<sup>3</sup> Excludes loan and lease sales

<sup>4</sup> Origination levels impacted by the high velocity of fundings and repayments with dealers

**Utilize diverse lending mix to remain competitive despite low rate environment**

	2Q13	3Q13	4Q13	1Q14	2Q14
Consumer Real Estate	5.58 %	5.46 %	5.46 %	5.41 %	5.46 %
Auto Finance	4.97	4.70	4.64	4.52	4.43
Commercial	4.76	4.79	4.65	4.63	4.57
Leasing & Equipment Finance	4.94	4.94	4.89	4.75	4.72
Inventory Finance	5.96	6.01	5.85	5.98	5.93
Total Loans and Leases	5.29	5.22	5.17	5.11	5.10
Peer Group <sup>2</sup> Average	4.79	4.73	4.66	4.51	N.A.

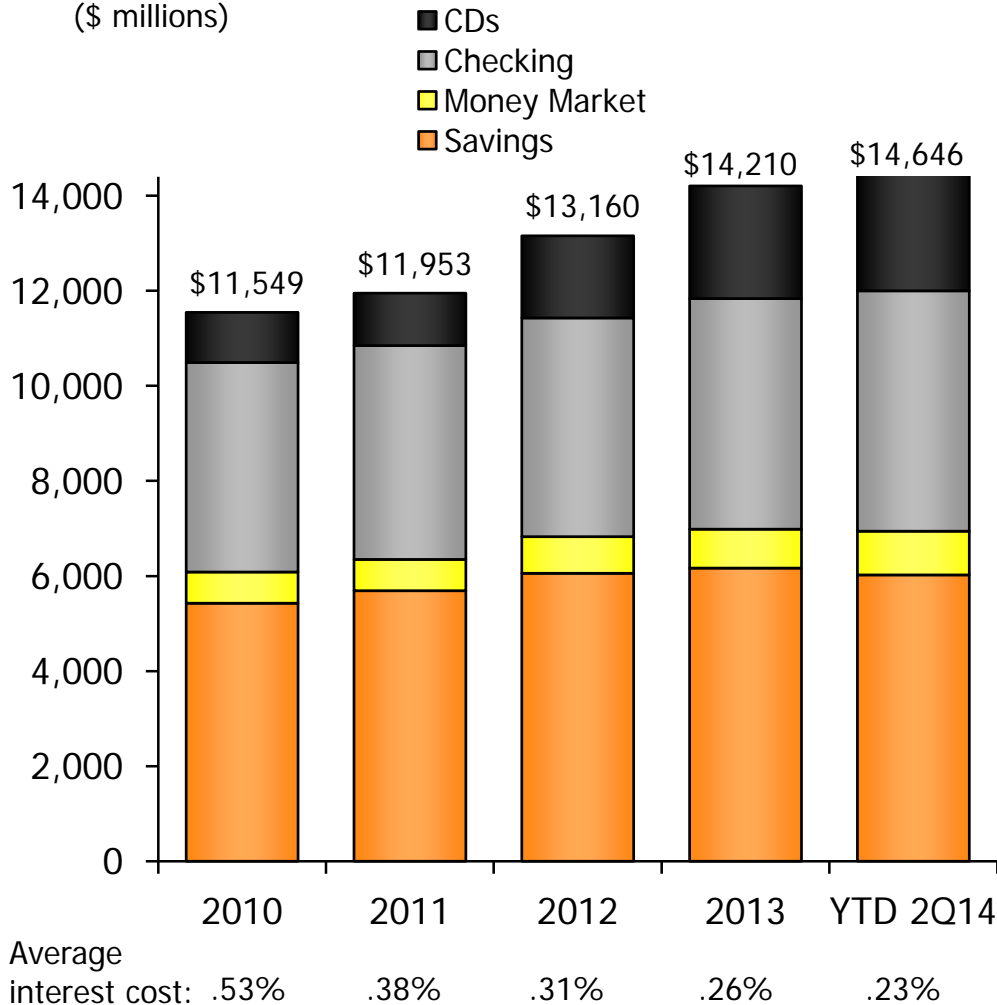
- Competitive marketplace; TCF continues to focus on niche lending markets
- Expect some level of yield compression to continue as rate environment remains low, specifically in the 2-5 year portion of the yield curve

<sup>1</sup> Annualized and presented on a fully tax-equivalent basis

<sup>2</sup> All U.S. publicly-traded banks and thrifts, excluding TCF, with total assets between \$10 and \$50 billion (source: SNL Financial LC; 3/31/2014)

N.A. Not available

Average Balances  
(\$ millions)



## Low-Cost Deposit Base – average rate of .23% for YTD 2014

- Average total deposits have increased for fifteen consecutive quarters, funding asset growth
- Checking account attrition rate improved 8% year-over-year
- Seasonal increase in customer transaction activity from first quarter
- 71% of deposits are low or no interest cost with an average balance of \$10.4 billion and an average cost of 7 bps for the second quarter of 2014

## Capital Ratios (TCF Financial Corporation)

	<u>2Q13</u>	<u>1Q14</u>	<u>2Q14</u>
Tangible common equity <sup>1</sup>	7.67%	8.13%	8.39%
Tier 1 common capital <sup>2</sup>	9.41%	9.59%	9.82%
Tier 1 leverage capital	9.34%	9.84%	9.91%
Tier 1 risk-based capital <sup>2</sup>	11.27%	11.37%	11.56%
Total risk-based capital	13.53%	13.41%	13.59%

- Capital ratios continue to improve as capital accumulates through earnings
- Common stock dividend of 5 cents per share declared on July 21, 2014

<sup>1</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Tangible Common Equity and Tangible Book Value Per Common Share" slide

<sup>2</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Tier 1 Common Capital Ratio" slide

	<u>2Q13</u>	<u>1Q14</u>	<u>2Q14</u>	
Year-over-year loan and lease growth rate	2.26%	3.86%	3.02%	<ul style="list-style-type: none"> <li>Loan and lease growth due to unique loan and lease capabilities</li> </ul>
Capital accumulation rate <sup>1,2</sup>	8.60%	11.12%	12.17%	
Tangible book value per common share <sup>3</sup>	\$8.47	\$9.06	\$9.35	<ul style="list-style-type: none"> <li>Capital accumulation rate supports loan origination capabilities</li> </ul>
Return on average assets <sup>1</sup>	.90%	1.00%	1.17%	
Return on average common equity <sup>1</sup>	8.39%	9.35%	10.99%	<ul style="list-style-type: none"> <li>Positive profitability trends over past several quarters</li> </ul>
Return on average tangible common equity <sup>1,4</sup>	9.90%	10.89%	12.72%	

<sup>1</sup> Annualized

<sup>2</sup> Calculated as the change in year-to-date tier 1 common capital as a percentage of prior period tier 1 common capital

<sup>3</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Tangible Common Equity and Tangible Book Value Per Common Share" slide

<sup>4</sup> See "Reconciliation of GAAP to Non-GAAP Financial Measures – Return on Average Tangible Common Equity" slide



# Appendix

# Cautionary Statements for Purposes of the Safe Harbor Provisions of the Securities Litigation Reform Act



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

*Certain factors could cause the Company's future results to differ materially from those expressed or implied in any forward-looking statements contained herein. These factors include the factors discussed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2013, under the heading "Risk Factors," the factors discussed below and any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statements. Since it is not possible to foresee all such factors, these factors should not be considered as complete or exhaustive.*

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

*Legislative and Regulatory Requirements. New consumer protection and supervisory requirements and regulations, including those resulting from action by the Consumer Financial Protection Bureau and changes in the scope of Federal preemption of state laws that could be applied to national banks and their subsidiaries; the imposition of requirements that adversely impact TCF's deposit, lending, loan collection and other business activities as a result of the Dodd-Frank Act, or other legislative or regulatory developments such as mortgage foreclosure moratorium laws, regulation of campus banking programs between colleges or universities and financial institutions, use by municipalities of eminent domain on underwater mortgages, or imposition of underwriting or other limitations that impact the ability to use certain variable-rate products; changes affecting customer account charges and fee income, including changes to interchange rates; changes to bankruptcy laws which would result in the loss of all or part of TCF's security interest due to collateral value declines; deficiencies in TCF's compliance under the Bank Secrecy Act in past or future periods, which may result in*

(continued)

# Cautionary Statements for Purposes of the Safe Harbor Provisions of the Securities Litigation Reform Act (continued)



*regulatory enforcement action including monetary penalties; increased health care costs resulting from Federal health care reform legislation; regulatory criticism and resulting enforcement actions or other adverse consequences such as increased capital requirements, higher deposit insurance assessments or monetary damages or penalties; heightened regulatory practices, requirements or expectations, including, but not limited to, requirements related to the Bank Secrecy Act and anti-money laundering compliance activity.*

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

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

*Technological and Operational Matters. Technological or operational difficulties, loss or theft of information, cyber-attacks and other security breaches, counterparty failures and the possibility that deposit account losses (fraudulent checks, etc.) may increase; failure to keep pace with technological change.*

*Litigation Risks. Results of litigation, including class action litigation concerning TCF's lending or deposit activities including account servicing processes or fees or charges, or employment practices; the effect of interchange rate litigation against the Federal Reserve on debit card interchange fees; and possible increases in indemnification obligations for certain litigation against Visa U.S.A. and potential reductions in card revenues resulting from such litigation or other litigation against Visa.*

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

# Reconciliation of GAAP to Non-GAAP Financial Measures – Revenue Ratios<sup>1</sup>



(\$000s)	Peer Group Total Assets 1Q14 Avg <sup>2,3</sup> % of Total Avg Assets	
<u>Computation of non-interest income:</u>		
Total non-interest income	\$ 227,068	1.10%
Less:		
Non-recurring revenue	3,176	
Non-interest income excluding non-recurring items	\$ 223,892	1.09%
<u>Computation of revenue:</u>		
Total revenue	\$ 840,976	4.08%
Less:		
Non-recurring revenue	3,176	
Revenue excluding non-recurring items	\$ 837,800	4.07%
<u>Computation of non-interest expense:</u>		
Total non-interest expense	\$ 522,216	
Less:		
Non-recurring expense	6,448	
Non-interest expense excluding non-recurring items	\$ 515,768	
<u>Computation of pre-tax pre-provision profit:</u>		
Revenue	\$ 840,976	
Less:		
Non-recurring revenue	3,176	
Non-interest expense excluding non-recurring items	515,768	
Pre-tax pre-provision profit excluding non-recurring items	\$ 322,032	1.56%
 Total Average Assets	 \$ 20,587,012	

<sup>1</sup> When evaluating asset utilization, management considers measures related to revenue that adjust for certain operating items. These measures are non-GAAP financial measures and are viewed by management as useful indicators of TCF's ability to generate returns to cover potential credit losses.

<sup>2</sup> Annualized

<sup>3</sup> All U.S. publicly-traded banks and thrifts, excluding TCF, with total assets between \$10 and \$50 billion (source: SNL Financial LC; 3/31/2014)

# Reconciliation of GAAP to Non-GAAP Financial Measures – Tangible Common Equity as a Percentage of Tangible Assets<sup>1</sup>



(\$000s)

	TCF June 30, 2014	Peer Group <sup>2</sup> Avg. March 31, 2014
<u>Computation of tangible common equity to tangible assets</u>		
Total equity	\$ 2,071,711	\$ 2,388,676
Less: Non-controlling interest in subsidiaries	16,805	34,981
Total stockholders' equity	2,054,906	2,353,695
Less:		
Preferred stock	263,240	64,004
Total intangible assets	231,123	520,139
Tangible common equity	\$ 1,560,543	\$ 1,769,552
Total assets	\$ 18,837,777	\$ 20,920,002
Less:		
Total intangible assets	231,123	520,139
Tangible assets	\$ 18,606,654	\$ 20,399,863
Tangible common equity to tangible assets	8.39%	8.67%

<sup>1</sup> When evaluating capital adequacy and utilization, management considers financial measures such as Tangible Common Equity to Tangible Assets. These measures are non-GAAP financial measures and are viewed by management as useful indicators of capital levels available to withstand unexpected market or economic conditions, and also provide investors, regulators, and other users with information to be viewed in relation to other banking institutions.

<sup>2</sup> All U.S. publicly-traded banks and thrifts, excluding TCF, with total assets between \$10 and \$50 billion (source: SNL Financial LC; 3/31/2014)

# Reconciliation of GAAP to Non-GAAP Financial Measures – Tangible Common Equity and Tangible Book Value Per Common Share<sup>1</sup>



(\$000s, except shares outstanding)

	June 30, 2013	March 31, 2014	June 30, 2014
<u>Computation of tangible common equity to tangible assets</u>			
Total equity	\$ 1,906,181	\$ 2,021,825	\$ 2,071,711
Less: Non-controlling interest in subsidiaries	16,662	21,284	16,805
Total TCF stockholders' equity	1,889,519	2,000,541	2,054,906
Less:			
Preferred stock	263,240	263,240	263,240
Goodwill	225,640	225,640	225,640
Other intangibles	7,345	5,905	5,483
Tangible common equity	\$ 1,393,294	\$ 1,505,756	\$ 1,560,543
Total assets	\$ 18,399,607	\$ 18,760,527	\$ 18,837,777
Less:			
Goodwill	225,640	225,640	225,640
Other intangibles	7,345	5,905	5,483
Tangible assets	\$ 18,166,622	\$ 18,528,982	\$ 18,606,654
Tangible common equity to tangible assets	7.67%	8.13%	8.39%
Common stock shares outstanding	164,411,103	166,127,670	166,881,460
Tangible book value per common share	\$8.47	\$9.06	\$9.35

<sup>1</sup> When evaluating capital adequacy and utilization, management considers financial measures such as Tangible Common Equity to Tangible Assets. These measures are non-GAAP financial measures and are viewed by management as useful indicators of capital levels available to withstand unexpected market or economic conditions, and also provide investors, regulators, and other users with information to be viewed in relation to other banking institutions.

# Reconciliation of GAAP to Non-GAAP Financial Measures – Tier 1 Common Capital Ratio<sup>1</sup>



(\$000s)

	June 30, 2013	March 31, 2014	June 30, 2014
<u>Tier 1 risk-based capital ratio:</u>			
Tier 1 capital	\$ 1,695,092	\$ 1,814,561	\$ 1,859,271
Total risk-weighted assets	\$ 15,038,256	\$ 15,959,457	\$ 16,085,019
Tier 1 risk-based capital ratio	11.27%	11.37%	11.56%
<u>Computation of Tier 1 common capital ratio:</u>			
Tier 1 capital	\$ 1,695,092	\$ 1,814,561	\$ 1,859,271
Less:			
Preferred stock	263,240	263,240	263,240
Qualifying non-controlling interest in subsidiaries	16,662	21,284	16,805
Tier 1 common capital	<u>1,415,190</u>	<u>1,530,037</u>	<u>1,579,226</u>
Tier 1 common capital ratio	<u>9.41%</u>	<u>9.59%</u>	<u>9.82%</u>

<sup>1</sup> When evaluating capital adequacy and utilization, management considers financial measures such as the Tier 1 Common Capital Ratio. These measures are non-GAAP financial measures and are viewed by management as useful indicators of capital levels available to withstand unexpected market or economic conditions, and also provide investors, regulators, and other users with information to be viewed in relation to other banking institutions.

# Reconciliation of GAAP to Non-GAAP Financial Measures – Return on Average Tangible Common Equity<sup>1</sup>



(\$000s)

	QTD June 30, 2013	QTD March 31, 2014	QTD June 30, 2014	YTD June 30, 2013	YTD June 30, 2014
Computation of return on average tangible common equity:					
Net income available to common shareholders	\$ 34,057	\$ 39,910	\$ 48,278	\$ 59,507	\$ 88,188
Other intangibles amortization, net of tax	<u>328</u>	<u>265</u>	<u>264</u>	<u>844</u>	<u>529</u>
Adjusted net income available to common shareholders	34,385	40,175	48,542	60,351	88,717
Average balances:					
Total equity	\$ 1,906,437	\$ 1,986,834	\$ 2,041,925	\$ 1,892,887	\$ 2,013,728
Less: Non-controlling interest in subsidiaries	<u>20,299</u>	<u>15,570</u>	<u>21,110</u>	<u>18,539</u>	<u>18,355</u>
Total TCF Financial Corporation stockholders' equity	1,886,138	1,971,264	2,020,815	1,874,348	1,995,373
Less:					
Preferred stock	263,240	263,240	263,240	263,240	263,240
Goodwill	225,640	225,640	225,640	225,640	225,640
Other intangibles	<u>7,633</u>	<u>6,134</u>	<u>5,711</u>	<u>7,993</u>	<u>5,921</u>
Tangible average common equity	\$ <u>1,389,625</u>	\$ <u>1,476,250</u>	\$ <u>1,526,224</u>	\$ <u>1,377,475</u>	\$ <u>1,500,572</u>
Annualized return on average tangible common equity	9.90%	10.89%	12.72%	8.76%	11.82%

<sup>1</sup> When evaluating capital adequacy and utilization, management considers financial measures such as Return on Average Tangible Common Equity. This measure is a non-GAAP financial measure and is viewed by management as a useful indicator of capital levels available to withstand unexpected market or economic conditions, and also provide investors, regulators, and other users with information to be viewed in relation to other banking institutions.