



## News Release

### TCF Reports Third-Quarter Earnings

EARNINGS SUMMARY (\$ in thousands, except per-share data)	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1998	1997	1998	1997
Net income	\$36,581	\$37,210	\$116,675	\$105,172
Diluted earnings per common share	.42	.43	1.30	1.25
Basic earnings per common share	.42	.44	1.31	1.28
Dividends declared per common share	.1625	.125	.45	.34375
Net interest margin	4.82%	5.24%	4.90%	5.31%
Return on average assets	1.54	1.80	1.63	1.84
Return on average realized common equity	16.75	19.37	17.13	20.60
Return on average common equity	16.58	19.20	16.96	20.52
Diluted cash earnings per common share	\$.44	\$.51	\$1.42	\$1.35
Cash return on average assets	1.64%	2.13%	1.78%	1.99%
Cash return on average tangible equity	22.48	25.94	23.41	24.32

MINNEAPOLIS, Oct. 19 /PRNewswire/ -- TCF Financial Corporation (TCF) (NYSE: TCB) today reported net income of \$36.6 million for the 1998 third quarter, compared with \$37.2 million for the 1997 third quarter. Diluted earnings per common share was 42 cents for the 1998 third quarter, compared with 43 cents for the same period in 1997. Cash earnings per common share, which excludes amortization and reduction of goodwill and deposit base intangibles, was 44 cents for the 1998 third quarter, compared with 51 cents for the same period in 1997. Return on average assets was 1.54 percent for the 1998 third quarter, compared with 1.80 percent for the 1997 third quarter. Return on average realized common equity was 16.75 percent for the 1998 third quarter, compared with 19.37 percent for the 1997 third quarter.

Year-to-date 1998 earnings totaled \$116.7 million, up 11 percent from \$105.2 million for the first nine months of 1997. Diluted earnings per common share was \$1.30 for the first nine months of 1998, compared with \$1.25 for the same 1997 period. Year-to-date 1998 cash earnings per common share was \$1.42, up 5 percent from \$1.35 for the same 1997 period. Return on average assets was 1.63 percent and return on average realized common equity was 17.13 percent for the first nine months of 1998, compared with 1.84 percent and 20.60 percent, respectively, for the prior-year period.

"TCF's third-quarter results were affected by several factors," said TCF Chairman and Chief Executive Officer William A. Cooper. "First, in the 1997 third quarter TCF had an after-tax gain of \$6.4 million on the sale of our Ohio bank branches, which affects year-to-year comparisons. We expect to record a similar gain in the 1998 fourth quarter. TCF's core operations continued to improve, with our net interest income increasing 5 percent, fees and other revenues increasing

32 percent, and credit quality remaining good.

"Secondly, falling interest rates have created a sustained refinance boom in all our categories of loans, particularly first and second mortgages. The resulting prepayment activity has made it difficult to grow Power Assets(SM), which are higher-yielding consumer and commercial loans and leases. While loan originations remain strong in all categories, loan growth has slowed. We consider this to be a temporary phenomenon. Growth in Power Liabilities(SM) remains strong, with checking, savings and money market deposits increasing \$303.1 million from year-end 1997.

"Finally, TCF's de novo expansion continues to be costly. The after-tax cost of the 141 branches opened in the last three years was \$2.6 million during the 1998 third quarter. These new branches are on plan and are on the path to future profitability.

"In these uncertain times I think it is important to point out that TCF's financial position remains strong. TCF has no foreign exposure. TCF has no loans to hedge funds. TCF has no high-risk derivatives. TCF has no credit card loans. Over 98 percent of TCF's loans and leases are secured, primarily by single-family residences and other real estate in our market areas. TCF's over-30-day delinquency rate remains low at 0.67 percent. TCF's capitalized mortgage servicing rights remains low at 0.56 percent of serviced loans. TCF continues to be a well-capitalized institution. We have repurchased 5.6 million shares of TCF common stock in the last nine months and, given TCF's share price, we expect to continue repurchasing shares for the remainder of 1998."

Net interest income was \$104.6 million for the 1998 third quarter, up 5 percent from \$99.9 million for the 1997 third quarter. TCF's net interest margin was 4.82 percent for the 1998 third quarter, compared with 5.24 percent for the 1997 third quarter and 4.94 percent for the 1998 second quarter. Year-to-date 1998 net interest income and net interest margin were \$321.1 million and 4.90 percent, respectively, compared with \$282.6 million and 5.31 percent for the same 1997 period. The increases in net interest income were primarily due to the September 1997 acquisition of Standard Financial, Inc. (Standard) and the growth of lower interest-cost retail deposits. TCF's net interest margin rates have been negatively impacted by loan prepayments, Standard and purchases of mortgage-backed securities.

Non-interest income (excluding gains on sales of loan servicing, securities, branches and a joint venture interest) totaled \$71.3 million for the 1998 third quarter, up 32 percent from \$53.9 million for the 1997 third quarter. On the same basis, year-to-date non-interest income totaled \$192.6 million, up 31 percent from \$146.7 million for the first nine months of 1997. The improvement was largely due to increased deposit, ATM and title insurance revenues, and reflects TCF's expanded retail banking operations.

Non-interest expense (excluding the amortization of goodwill and deposit base intangibles) totaled \$109.1 million for the 1998 third quarter, up 24 percent from \$87.8 million for the 1997 third quarter. On the same basis, non-interest expense totaled \$310.4 million for the first nine months of 1998, up 24 percent from \$250.7 million for the same 1997 period. The increases were primarily due to the costs associated with expanded retail banking operations, including the acquisition of Standard and the opening of 88 bank branches in Illinois and Wisconsin Jewel-Osco stores.

Since July 1, 1995, TCF has opened 141 branches of which 124 were supermarket branches. This de novo expansion resulted in a \$2.6 million after-tax reduction in earnings for the 1998 third quarter and a \$7.3 million after-tax reduction in earnings for the first nine months 1998. TCF anticipates opening nine additional branches in the 1998 fourth quarter.

Non-performing assets (principally non-accrual loans and leases, and real estate acquired through foreclosure) were \$53.5 million at Sept. 30, down from \$58.7 million at Dec. 31, 1997. The over-30-day delinquency rate on consumer loans was 1.77 percent at Sept. 30, compared with 1.91 percent at Dec. 31, 1997.

TCF provided \$4.5 million for credit losses in the 1998 third quarter, compared with \$6.3 million in the 1997 third quarter. Net loan and lease charge-offs were \$5.7 million, or 0.32 percent of average loans and leases outstanding, in the 1998 third quarter, compared with \$5.8 million, or 0.39 percent of average loans and leases, for the same 1997 period. At Sept. 30, TCF's allowance for loan and lease losses totaled \$79 million, compared with \$82.6 million at year-

end 1997, and was 210 percent of non-accrual loans and leases.

Total loans and leases were \$7.1 billion at Sept. 30, up \$23.5 million from year-end 1997. Higher-yielding consumer and commercial loans and leases totaled \$3.4 billion, down \$80 million from year-end 1997. At Sept. 30, TCF's bank-originated home equity loan portfolio totaled \$1.3 billion, unchanged from year-end 1997. TCF's consumer finance portfolio totaled \$475.3 million (principally home equity and auto loans) at Sept. 30, compared with \$521.5 million at year-end 1997.

Deposits totaled \$6.7 billion at Sept. 30, down \$173.9 million from year-end 1997. Lower interest-cost checking, savings, and money market deposits totaled \$3.6 billion, up \$303.1 million from year-end 1997. TCF had 912,000 checking accounts at Sept. 30, up 18 percent from 772,000 at year-end 1997. Higher interest-cost certificates of deposit decreased \$477.1 million from year-end 1997. The weighted average rate on total deposits at Sept. 30 was 3.08 percent, down from 3.42 percent at year-end 1997.

At Sept. 30, book value per common share was \$9.94 based on 87,427,971 common shares outstanding. TCF repurchased 5.6 million shares of its common stock during the first nine months of 1998 under its stock repurchase programs. TCF has remaining authorization of 3.5 million shares in its current 5 percent stock repurchase program.

TCF is a \$9.9 billion national bank holding company based in Minneapolis. TCF's banks are based in Minnesota, Illinois, Wisconsin, and Colorado as TCF National Bank, and in Michigan as Great Lakes National Bank. Other TCF affiliates include business-equipment leasing, consumer finance, mortgage banking, title insurance, annuity and mutual fund sales companies.

There are a number of important factors which could cause future results to differ materially from historical performance. These include but are not limited to possible legislative changes; adverse economic developments which may increase default and delinquency risks in TCF's loan and lease portfolios; shifts in interest rates which may result in shrinking interest margins; deposit outflows; interest rates on competing investments; demand for financial services and loan and lease products; increases in competition in the banking and financial services industry; changes in accounting policies or guidelines, or monetary and fiscal policies of the federal government; changes in the quality or composition of TCF's loan, lease and investment portfolios; results of litigation or other significant uncertainties. TCF's Year 2000 compliance initiatives are subject to certain uncertainties which may delay or increase the cost of achieving compliance. To some extent, TCF's operations will be dependent on the Year 2000 compliance achieved by outside vendors, borrowers, and government agencies or instrumentalities such as the Federal Reserve System, and also on the cooperation of such parties in testing the effectiveness of compliance initiatives. TCF's acquisitions of Standard Financial, Inc., and the Jewel-Osco branches (and its commitment to construct additional Jewel-Osco branches in future periods) are subject to additional uncertainties, including the possible failure to fully realize anticipated benefits from the transactions. Significant uncertainties in such transactions include lower than expected income or revenue or higher than expected operating costs; greater than expected costs or difficulties related to the integration and retention of employees of the acquired business operations; and other unanticipated occurrences which may increase the costs related to the transactions or decrease the expected financial benefits of the transactions.

TCF FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER-SHARE DATA)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1998	1997	1998	1997
Interest income:				
Loans	\$145,567	\$132,333	\$441,238	\$373,118

Lease financing	12,407	10,833	36,911	27,722
Loans held for sale	3,402	4,146	10,655	11,338
Securities available for sale	21,480	24,355	66,573	67,562
Investments	2,373	1,586	8,231	4,135
Total interest income	185,229	173,253	563,608	483,875
Interest expense:				
Deposits	53,662	50,193	164,130	135,549
Borrowings	26,943	23,206	78,405	65,744
Total interest expense	80,605	73,399	242,535	201,293
Net interest income	104,624	99,854	321,073	282,582
Provision for credit losses	4,544	6,341	13,360	11,936
Net interest income after provision for credit losses	100,080	93,513	307,713	270,646
Non-interest income:				
Fee and service charge revenues	33,875	25,785	92,320	73,378
ATM network revenues	13,509	8,360	36,239	21,960
Leasing revenues	9,688	9,299	23,949	23,651
Title insurance revenues	5,247	3,698	14,790	9,721
Commissions on sales of fixed annuities	2,059	1,991	6,482	6,035
Commissions on sales of mutual funds	1,566	903	4,301	2,885
Gain on sale of loans held for sale	2,679	1,825	6,041	3,231
Other	2,640	2,056	8,482	5,855
	71,263	53,917	192,604	146,716
Gain on sale of loan servicing	2,414	--	2,414	1,622
Gain (loss) on sale of securities available for sale	(43)	2,852	2,246	5,330
Gain on sale of branches	226	10,635	6,534	13,445
Gain on sale of joint venture interest	--	--	5,580	--
	2,597	13,487	16,774	20,397
Total non-interest income	73,860	67,404	209,378	167,113
Non-interest expense:				
Compensation and employee benefits	56,446	45,055	164,395	129,380
Occupancy and equipment	18,299	14,365	53,246	42,074
Advertising and promotions	5,157	5,228	15,881	15,334
Federal deposit insurance premiums and assessments	1,375	1,183	4,154	3,313
Amortization of goodwill and other intangibles	2,828	10,559	8,570	12,913
Other	27,777	21,963	72,688	60,622
Total non-interest expense	111,882	98,353	318,934	263,636
Income before income tax expense	62,058	62,564	198,157	174,123
Income tax expense	25,477	25,354	81,482	68,951
Net income	\$36,581	\$37,210	\$116,675	\$105,172
Net income per common share:				
Basic	\$.42	\$.44	\$1.31	\$1.28
Diluted	\$.42	\$.43	\$1.30	\$1.25
Dividends declared per common share	\$.1625	\$.125	\$.45	\$.34375
Average common and common equivalent shares outstanding:				
Basic	87,134	85,124	89,157	82,399
Diluted	87,973	86,438	90,020	84,174

TCF FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(DOLLARS IN THOUSANDS, EXCEPT PER-SHARE DATA)

(Unaudited)

	At September 30, 1998	At December 31, 1997
ASSETS		
Cash and due from banks	\$360,793	\$297,010
Interest-bearing deposits with banks	933	20,572
Federal funds sold	23,000	--
U.S. Government and other marketable securities held to maturity (fair value of \$4,208 and \$4,061)	4,208	4,061
Federal Reserve Bank stock, at cost	23,107	22,977
Federal Home Loan Bank stock, at cost	84,243	82,002
Securities available for sale (amortized cost of \$1,650,128 and \$1,411,979)	1,673,722	1,426,131
Loans held for sale	193,588	244,612
Loans and leases:		
Residential real estate	3,727,318	3,623,845
Commercial real estate	812,040	859,916
Commercial business	267,123	240,207
Consumer	1,910,016	1,976,699
Lease financing	376,142	368,521
Total loans and leases	7,092,639	7,069,188
Allowance for loan and lease losses	(78,955)	(82,583)
Net loans and leases	7,013,684	6,986,605
Premises and equipment	171,763	165,790
Other real estate owned	13,693	18,353
Accrued interest receivable	54,066	54,336
Due from brokers	--	126,662
Goodwill	168,578	177,700
Deposit base intangibles	17,134	19,821
Mortgage servicing rights	21,115	19,512
Other assets	76,812	78,516
	\$9,900,439	\$9,744,660
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Checking	\$1,722,571	\$1,468,657
Passbook and statement	1,176,010	1,134,678
Money market	706,201	698,312
Certificates	3,128,586	3,605,663
Total deposits	6,733,368	6,907,310
Securities sold under repurchase agreements and federal funds purchased	158,079	112,444
Federal Home Loan Bank advances	1,598,456	1,339,578
Discounted lease rentals	189,326	228,596
Subordinated debt	28,750	34,998
Other borrowings	185,337	11,536
Total borrowings	2,159,948	1,727,152
Accrued interest payable	26,338	23,510
Accrued expenses and other liabilities	111,359	133,008
Total liabilities	9,031,013	8,790,980
Stockholders' equity:		
Preferred stock, par value \$.01 per share, 30,000,000 shares authorized; none issued and outstanding	--	--
Common stock, par value \$.01 per share, 280,000,000 shares authorized; 92,919,016 and 92,821,529 shares issued	929	928
Additional paid-in capital	501,061	460,684
Unamortized deferred compensation	(25,723)	(25,457)
Retained earnings, subject to certain restrictions	584,769	508,969
Loan to Executive Deferred Compensation Plan	(6,406)	--
Shares held in trust for deferred compensation plans, at cost	(37,803)	--

Accumulated other comprehensive income	14,262	8,556
Treasury stock, at cost, 5,491,045 shares in 1998 (161,663)		--
Total stockholders' equity	869,426	953,680
	\$9,900,439	\$9,744,660

TCF FINANCIAL CORPORATION AND SUBSIDIARIES  
FINANCIAL HIGHLIGHTS  
(DOLLARS IN THOUSANDS, EXCEPT PER-SHARE DATA)  
(Unaudited)

	At September 30, 1998	At December 31, 1997
Other Financial Condition Data:		
Tangible net worth	\$683,714	\$756,159
Stockholders' equity to total assets	8.78%	9.79%
Book value per common share	\$9.94	\$10.27
Tangible book value per common share	7.82	8.15
Non-performing assets:		
Non-accrual loans and leases	\$37,605	\$36,793
Other real estate owned and other assets	15,870	21,953
Total non-performing assets	\$53,475	\$58,746
Troubled debt restructured loans	\$ --	\$1,335
Accruing loans and leases 90 days or more past due	66	--
Allowance for loan and lease losses as a percentage of total loans and leases	1.11%	1.17%

TCF FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AVERAGE BALANCE SHEETS, INTEREST AND DIVIDENDS  
EARNED OR PAID, AND RELATED INTEREST YIELDS AND RATES  
(DOLLARS IN THOUSANDS)  
(Unaudited)

	Three Months Ended September 30,					
	1998			1997		
	Average Balance	Interest	Interest Yields and Rates(a)	Average Balance	Interest	Interest Yields and Rates(a)
Assets:						
Investments	\$143,364	\$2,373	6.62%	\$92,408	\$1,586	6.87%
Securities available for sale	1,259,758	21,480	6.82	1,364,826	24,355	7.14
Loans held for sale	188,196	3,402	7.23	217,017	4,146	7.64
Loans and leases	7,088,368	157,974	8.91	5,953,626	143,166	9.62
Total interest- earning assets	8,679,686	185,229	8.54	7,627,877	173,253	9.09
Other assets	826,899			637,489		
Total assets	\$9,506,585			\$8,265,366		
Liabilities and Stockholders' Equity:						
Non-interest bearing deposits	\$1,058,019			\$809,792		

Interest-bearing deposits	5,691,901	53,662	3.77	5,032,990	50,193	3.99
Borrowings	1,724,400	26,943	6.25	1,433,969	23,206	6.47
Total interest-bearing liabilities	7,416,301	80,605	4.35	6,466,959	73,399	4.54
Other liabilities	149,763			213,602		
Total liabilities	8,624,083			7,490,353		
Stockholders' equity	882,502			775,013		
Total liabilities and stockholders' equity	\$9,506,585			\$8,265,366		
Net interest income		\$104,624			\$99,854	
Net interest rate spread			4.19%			4.55%
Net interest margin			4.82%			5.24%

(a) Annualized.

TCF FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AVERAGE BALANCE SHEETS, INTEREST AND DIVIDENDS  
EARNED OR PAID, AND RELATED INTEREST YIELDS AND RATES  
(DOLLARS IN THOUSANDS)  
(Unaudited)

	Nine Months Ended September 30,					
	1998			1997		
	Average Balance	Interest	Interest Yields and Rates(a)	Average Balance	Interest	Interest Yields and Rates(a)
Assets:						
Investments	\$172,749	\$8,231	6.35%	\$82,123	\$4,135	6.71%
Securities available for sale	1,279,872	66,573	6.94	1,257,257	67,562	7.17
Loans held for sale	199,286	10,655	7.13	202,903	11,338	7.45
Loans and leases	7,081,240	478,149	9.00	5,550,170	400,840	9.63
Total interest-earning assets	8,733,147	563,608	8.60	7,092,453	483,875	9.10
Other assets	817,553			540,444		
Total assets	\$9,550,700			\$7,632,897		
Liabilities and Stockholders' Equity:						

Non-interest bearing deposits	\$985,558			\$765,766		
Interest-bearing deposits	5,821,554	164,130	3.76	4,620,047	135,549	3.91
Borrowings	1,669,979	78,405	6.26	1,393,579	65,744	6.29
Total interest-bearing liabilities	7,491,533	242,535	4.32	6,013,626	201,293	4.46
Other liabilities	156,585			170,017		
Total liabilities	8,633,676			6,949,409		
Stockholders' equity	917,024			683,488		
Total liabilities and stockholders' equity	\$9,550,700			\$7,632,897		
Net interest income		\$321,073			\$282,582	
Net interest rate spread			4.28%			4.64%
Net interest margin			4.90%			5.31%

(a) Annualized.