



News Release

TCF Reports Record Earnings for 1999

MINNEAPOLIS, Jan. 18 /PRNewswire/ --

- 1999 HIGHLIGHTS
- Record net income of \$166 million
- Record diluted earnings per share of \$2.00, up 14 percent
- Increased Power Assets® by \$826.4 million
- Increased retail checking accounts to 1,044,000, up 14 percent
- Opened 35 new bank branches
- Grew fee income 12 percent

EARNINGS SUMMARY

(\$ in thousands, except per-share data)

	Three Months Ended Dec. 31,		Year Ended Dec. 31,	
	1999	1998	1999	1998
Net income	\$44,950	\$39,504	\$166,039	\$156,179
Diluted earnings per common share	.55	.46	2.00	1.76
Basic earnings per common share	.55	.47	2.01	1.77
Net interest margin	4.38%	4.65%	4.47%	4.84%
Return on average assets	1.72	1.60	1.61	1.62
Return on average realized common equity	21.04	18.77	19.83	17.51
Return on average common equity	22.03	18.56	20.34	17.34
Diluted cash earnings per common share	\$.58	\$.48	\$2.10	\$1.88
Cash return on average assets	1.80%	1.68%	1.69%	1.74%
Cash return on average realized common equity	22.14	19.67	20.79	18.74

TCF Financial Corporation (TCF) (NYSE: [TCB - news](#)) today reported record earnings for 1999 of \$166 million, up 6 percent from \$156.2 million for 1998. Diluted earnings per common share was a record \$2.00 for 1999, up 14 percent from \$1.76 for 1998. Cash earnings per common share, which excludes goodwill charges, was \$2.10 for 1999, up 12 percent from \$1.88 for 1998. Return on average assets was 1.61 percent and return on average realized common equity was 19.83 percent for 1999, compared with 1.62 percent and 17.51 percent, respectively, for 1998.

Net income for the 1999 fourth quarter totaled \$45 million, up 14 percent from \$39.5 million for the same 1998 period. Diluted earnings per common share was 55 cents for the 1999 fourth quarter, up 20 percent from 46 cents for the same 1998 period. Cash earnings per common share was 58 cents for the 1999 fourth quarter, up 21 percent from 48 cents for the same 1998 period. Return on average assets was 1.72 percent and return on average realized common equity

was 21.04 percent for the 1999 fourth quarter, compared with 1.60 percent and 18.77 percent, respectively, for the same prior-year period.

“TCF’s record 1999 earnings performance reflects the solid results from TCF’s core banking activities, as well as significant contributions from TCF’s de novo banking activities,” stated TCF Chairman and Chief Executive Officer William A. Cooper. “Our traditional branch banking, and consumer and commercial lending businesses all operated at record levels. Our emerging de novo businesses (supermarket banking, leasing and equipment finance, etc.) have started to make significant contributions and will be an engine of growth in future years.

“We have opened a total of 164 branches in the last three years, including 35 branches in 1999. We plan to open 37 additional branches in 2000. We now have the fourth largest supermarket branching system in the U.S. with 195 supermarket branches. These branches produced 76 percent of the checking account growth in 1999. Consumer loans originated in supermarket branches now total \$192.9 million, a growth rate of 78 percent this year.

“Other product expansions include the Debit Card (TCF is the fifteenth largest Visa debit card issuer in the U.S.), leasing and equipment finance (now totaling \$492.7 million, an increase of \$93.8 million in 1999), and our ATM network which operates over 1,400 ATMs (TCF has the sixth largest off-site ATM network in the U.S.), as well as new credit enhancement type products.

“These outstanding results, from both our core businesses and our emerging businesses, were produced by record fee income and growth in Power Assets® resulting in top-line revenue growth in 1999 and in future years.”

Net interest income was \$106.1 million for the 1999 fourth quarter, compared with \$104.7 million for the 1998 fourth quarter. TCF’s net interest margin was 4.38 percent for the 1999 fourth quarter, compared with 4.65 percent for the 1998 fourth quarter and 4.46 percent for the 1999 third quarter. Net interest income and net interest margin for 1999 were \$424.2 million and 4.47 percent, respectively, compared with \$425.7 million and 4.84 percent for 1998. TCF’s net interest income and net interest margin were negatively impacted, as compared to last year, by \$17.4 million or 11 basis points due to the discontinuation of the higher-yielding consumer finance automobile business.

Non-interest income (excluding gains on sales of branches, subsidiaries, securities, loan servicing, and a joint venture interest) totaled \$77.3 million for the 1999 fourth quarter, up 10 percent from \$70.1 million for the 1998 fourth quarter. On the same basis, non-interest income for 1999 totaled \$294.6 million, up 12 percent from \$262.7 million for 1998. These improvements were largely due to increased deposit and electronic funds transfer revenues, and reflect TCF’s expanded retail banking operations and customer base. TCF sold three underperforming branches during the 1999 fourth quarter, resulting in a pretax gain of \$3.3 million, compared with the sale of seven underperforming branches during the 1998 fourth quarter, resulting in a pretax gain of \$12.1 million. During the 1999 fourth quarter, TCF sold its title insurance and appraisal operations and recognized a pretax gain of \$5.5 million.

Non-interest expense (excluding the amortization of goodwill and deposit base intangibles) totaled \$112.3 million for the 1999 fourth quarter, up 5 percent from \$107.1 million for the 1998 fourth quarter. On the same basis, non-interest expense for 1999 totaled \$442.1 million, up 6 percent from \$417.3 million for 1998. These increases were primarily due to the costs associated with expanded retail banking operations.

TCF experienced a significant improvement in credit quality during 1999. Non-performing assets (principally non-accrual loans and leases, and real estate acquired through foreclosure) were \$35.4 million at Dec. 31, 1999, down 27 percent from \$48.7 million at Dec. 31, 1998. TCF provided \$3.4 million for credit losses in the 1999 fourth quarter, compared with \$9.8 million in the 1998 fourth quarter. Net loan and lease charge-offs were \$3 million, or 0.16 percent of average loans and leases outstanding in the 1999 fourth quarter as compared with \$8.7 million, or 0.49 percent of average loans and leases for the same 1998 period. The decrease in net charge-offs during the 1999 fourth quarter primarily resulted from the 1999 sales of the consumer finance automobile loan portfolio and the exit from this business. For 1999, net loan and lease charge-offs were \$26.4 million, or 0.35 percent of average loans and leases outstanding as compared with \$25.9 million, or 0.36 percent of average loans and leases for 1998. Excluding consumer finance

automobile loans, TCF's 1999 net charge-offs were \$5.2 million, or 0.07 percent of average loans and leases outstanding as compared with \$6 million, or 0.09 percent for 1998. At Dec. 31, 1999, TCF's allowance for loan and lease losses totaled \$55.8 million, compared with \$80 million at year-end 1998, and was 232 percent of non-accrual loans and leases.

Total loans and leases were \$7.9 billion at Dec. 31, 1999, up \$754.6 million from year-end 1998. Higher-yielding consumer and commercial loans and leases, excluding consumer finance automobile loans, totaled \$4 billion, up \$826.4 million or 26 percent from year-end 1998. At Dec. 31, 1999, TCF's home equity loan portfolio totaled \$2 billion, up \$448.8 million or 29 percent from year-end 1998, and TCF's leasing and equipment finance portfolio totaled \$492.7 million at Dec. 31, 1999, up \$93.8 million or 24 percent from year-end 1998.

Deposits totaled \$6.6 billion at Dec. 31, 1999. During 1999, TCF sold eight underperforming branches with \$116.7 million in deposits. Despite these branch sales, average checking account deposits increased \$199.8 million during 1999 as compared with 1998. TCF had 1,044,000 checking accounts at Dec. 31, 1999, a net increase of 131,000 accounts or 14 percent from year-end 1998. The weighted average rate on total deposits for 1999 was 2.65 percent, down from 3.14 percent for 1998.

At Dec. 31, 1999, book value per common share was \$9.87 based on 81,941,188 common shares outstanding. TCF repurchased 4.1 million shares of its common stock in 1999 under its stock repurchase program. TCF has 1.8 million shares remaining in a 5 percent stock repurchase program authorized by the board of directors in December 1998.

TCF is a \$10.7 billion national bank holding company with banking offices in Minnesota, Illinois, Michigan, Wisconsin, and Colorado. Other TCF affiliates provide leasing, mortgage banking, and annuity and mutual fund sales.

TCF's future results may differ materially from historical performance and forward-looking statements about TCF's financial results are subject to a number of risks and uncertainties. These include but are not limited to possible legislative changes and adverse economic, business and competitive developments such as shrinking interest margins; deposit outflows; reduced demand for financial services and loan and lease products; changes in accounting policies or guidelines, or monetary and fiscal policies of the federal government; changes in credit and other risks posed by TCF's loan, lease and investment portfolios; adverse changes in securities markets; results of litigation or other significant uncertainties. TCF's Year 2000 compliance initiatives or other required technological changes are subject to uncertainties which may delay or increase the cost of implementation, including the dependency of TCF's operations on Year 2000 compliance achieved by outside vendors, borrowers and government agencies or instrumentalities.

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per-share data)
 (Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	1999	1998	1999	1998
Interest income:				
Loans and leases	\$160,512	\$153,193	\$618,291	\$631,342
Securities available for sale	26,520	26,551	111,032	93,124
Loans held for sale	3,512	3,417	13,367	14,072
Investments	2,499	2,125	9,411	10,356
Total interest income	193,043	185,286	752,101	748,894
Interest expense:				

Deposits	44,324	48,362	175,495	212,492
Borrowings	42,607	32,263	152,393	110,668
Total interest expense	86,931	80,625	327,888	323,160
Net interest income	106,112	104,661	424,213	425,734
Provision for credit losses	3,371	9,761	16,923	23,280
Net interest income after provision for credit losses	102,741	94,900	407,290	402,454
Non-interest income:				
Fee and service charge revenues	41,163	35,632	151,988	127,952
Electronic funds transfer revenues	17,826	14,317	67,129	50,556
Leasing revenues	8,416	7,395	28,505	31,344
Title insurance revenues	2,490	5,371	15,421	20,161
Commissions on sales of annuities	1,647	1,931	8,797	8,413
Commissions on sales of mutual funds	1,296	1,212	6,052	5,513
Gain on sale of loans held for sale	998	1,534	4,747	7,575
Other	3,439	2,674	12,008	11,156
	77,275	70,066	294,647	262,670
Gain on sales of securities available for sale	--	--	3,194	2,246
Gain on sales of loan servicing	--	--	3,076	2,414
Gain on sales of branches	3,349	12,051	12,160	18,585
Gain on sales of subsidiaries	5,522	--	5,522	--
Gain on sale of joint venture interest	--	--	--	5,580
	8,871	12,051	23,952	28,825
Total non-interest income	86,146	82,117	318,599	291,495
Non-interest expense:				
Compensation and employee benefits	59,860	53,006	239,053	217,401
Occupancy and equipment	18,592	18,077	73,613	71,323
Advertising and promotions	3,300	3,663	16,981	19,544
Amortization of goodwill and other intangibles	2,665	2,829	10,689	11,399
Other	30,540	32,350	112,462	109,033
Total non-interest expense	114,957	109,925	452,798	428,700
Income before income tax expense	73,930	67,092	273,091	265,249
Income tax expense	28,980	27,588	107,052	109,070

Net income	\$44,950	\$39,504	\$166,039	\$156,179
Net income per common share:				
Basic	\$.55	\$.47	\$ 2.01	\$ 1.77
Diluted	\$.55	\$.46	\$ 2.00	\$ 1.76
Earnings before goodwill charges (cash earnings) per diluted common share	\$.58	\$.48	\$ 2.10	\$ 1.88
Dividends declared per common share	\$.1875	\$.1625	\$.725	\$.6125
Average common and common equivalent shares outstanding:				
Basic	81,482	84,899	82,445	88,093
Diluted	82,198	85,602	83,071	88,916

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands, except per-share data)
(Unaudited)

ASSETS

	At December 31, 1999	At December 31, 1998
Cash and due from banks	\$429,262	\$420,477
Investments	148,154	277,715
Securities available for sale	1,521,661	1,677,919
Loans held for sale	198,928	213,073
Loans and leases:		
Residential real estate	3,919,678	3,765,280
Commercial real estate	1,073,472	811,428
Commercial business	395,513	289,104
Consumer	2,058,584	1,876,554
Lease financing	448,496	398,812
Total loans and leases	7,895,743	7,141,178
Allowance for loan and lease losses	(55,755)	(80,013)
Net loans and leases	7,839,988	7,061,165
Goodwill	158,468	166,645
Deposit base intangibles	13,262	16,238
Other assets	351,993	331,362
	\$10,661,716	\$10,164,594

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Checking	\$1,913,279	\$1,879,623
Passbook and statement	1,091,292	1,176,931
Money market	708,417	700,004
Certificates	2,871,847	2,958,588
Total deposits	6,584,835	6,715,146
Securities sold under repurchase agreements	1,010,000	367,280
Federal Home Loan Bank advances	1,759,787	1,804,208
Discounted lease rentals	178,369	183,684

Other borrowings	135,732	105,874
Total borrowings	3,083,888	2,461,046
Accrued interest payable	40,352	27,601
Accrued expenses and other liabilities	143,659	115,299
Total liabilities	9,852,734	9,319,092
Stockholders' equity:		
Common stock, par value \$.01 per share, 280,000,000 shares authorized; 92,804,205 and 92,912,246 shares issued	928	929
Additional paid-in capital	500,797	507,534
Retained earnings, subject to certain restrictions	715,461	610,177
Unamortized deferred compensation	(14,887)	(24,217)
Loan to Executive Deferred Compensation Plan	(4,721)	(6,111)
Shares held in trust for deferred compensation plans, at cost	(46,066)	(45,740)
Accumulated other comprehensive income (loss)	(47,382)	7,591
Treasury stock, at cost, 10,863,017 and 7,343,117 shares	(295,148)	(204,661)
Total stockholders' equity	808,982	845,502
	\$10,661,716	\$10,164,594

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Dollars in thousands, except per-share data)
(Unaudited)

SUPERMARKET BANKING DATA:	At or For the Quarter			
	Ended December 31,		Increase	% Change
	1999	1998		
Number of branches	195	161	34	21.1%
Number of deposit accounts	561,032	406,146	154,886	38.1
Deposits:				
Checking	\$354,074	\$272,194	\$81,880	30.1
Passbook and statement	120,876	96,496	24,380	25.3
Money market	60,169	55,070	5,099	9.3
Certificates	290,579	194,456	96,123	49.4
Total Power Liabilities	\$825,698	\$618,216	\$207,482	33.6
Average rate on deposits	2.24%	2.16%	0.08%	3.7
Total fees and other revenues	\$24,572	\$16,779	\$7,793	46.4
Consumer loans	\$192,931	\$108,213	\$84,718	78.3

CREDIT QUALITY DATA:

	At December 31, 1999			
	Total Loans and Leases	Allowance	Allowance as a % of Portfolio	Net Charge Offs (a)
Commercial real estate	\$1,073,472	\$12,708	1.18%	(0.08)%
Commercial business	395,513	8,587	2.17	(0.08)
Consumer direct	2,050,858	8,482	0.41	0.24
Lease financing	448,496	3,906	0.87	0.39
Unallocated	--	16,839	n/a	n/a
Subtotal	3,968,339	50,522	1.27	0.14
Residential real estate	3,919,678	3,014	0.08	--
Subtotal	7,888,017	53,536	0.68	0.07
Sales finance auto	7,726	2,219	28.72	17.52
Total	\$7,895,743	\$55,755	0.71	0.35

At December 31, 1998

Allowance Net

	Total Loans and Leases	Allowance	as a % of Portfolio	Charge Offs (a)
Commercial real estate	\$811,428	\$12,525	1.54%	0.09%
Commercial business	289,104	5,756	1.99	(0.23)
Consumer direct	1,642,606	9,338	0.57	0.30
Lease financing	398,812	2,955	0.74	0.17
Unallocated	--	23,295	n/a	n/a
Subtotal	3,141,950	53,869	1.71	0.18
Residential real estate	3,765,280	3,471	0.09	0.01
Subtotal	6,907,230	57,340	0.83	0.09
Sales finance auto	233,948	22,673	9.69	7.26
Total	\$7,141,178	\$80,013	1.12	0.36

	At December 31, 1999	At December 31, 1998
Non-performing assets:		
Non-accrual loans and leases:		
Residential real estate	\$5,431	\$8,078
Commercial real estate	1,576	4,352
Commercial business	2,960	2,797
Consumer	12,178	17,745
Lease financing	1,929 (b)	725
	24,074	33,697
Other real estate owned and other assets	11,348	14,972
Total non-performing assets	\$35,422	\$48,669
Accruing loans and leases 90 days or more past due	\$5,789	\$ --
Delinquency data:		
Total loans and leases over 30 days	.42%	.94%
Total consumer loans over 30 days	.93	2.83

OTHER FINANCIAL CONDITION DATA:

	At December 31, 1999	At December 31, 1998
Tangible net worth	\$637,252	\$662,619
Stockholders' equity to total assets	7.59%	8.32%
Book value per common share	\$9.87	\$9.88
Tangible book value per common share	7.78	7.74

(a) Net charge-offs during the preceding twelve months as a percentage of related average loans and leases.

(b) Includes \$619,000 of lease financings that have been funded on a non-recourse basis by third-party financial institutions.

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 December 31,					
	1999			1998		
	Average Balance	Interest	Interest Yields and Rates(a)	Average Balance	Interest	Interest Yields and Rates(a)
Investments	\$143,185	\$2,499	6.98%	\$127,084	\$2,125	6.69%
Securities						

available for sale	1,612,558	26,520	6.58	1,596,574	26,551	6.65
Loans held for sale	198,216	3,512	7.09	194,061	3,417	7.04
Loans and leases	7,735,655	160,512	8.30	7,091,756	153,193	8.64
Total interest- earning assets	9,689,614	193,043	7.97	9,009,475	185,286	8.23
Other assets	792,649			850,173		
Total assets	\$10,482,263			\$9,859,648		
Non-interest bearing deposits	\$1,201,827			\$1,111,273		
Interest- bearing deposits	5,365,176	44,324	3.30	5,526,424	48,362	3.50
Total deposits	6,567,003	44,324	2.70	6,637,697	48,362	2.91
Borrowings	2,890,433	42,607	5.90	2,207,159	32,263	5.85
Total interest- bearing liabilities	8,255,609	86,931	4.21	7,733,583	80,625	4.17
Other liabilities	208,827			163,510		
Total liabilities	9,666,263			9,008,366		
Stockholders' equity	816,000			851,282		
Total liabilities and stockholders' equity	\$10,482,263			\$9,859,648		
Net interest income		\$106,112			\$104,661	
Net interest- rate spread			3.76%			4.06%
Net interest margin			4.38%			4.65%

(a) Annualized.

EARNED OR PAID, AND RELATED INTEREST YIELDS AND RATES
(Dollars in thousands)
(Unaudited)

	Year Ended December 31,					
	1999			1998		
	Average Balance	Interest	Interest Yields and Rates(a)	Average Balance	Interest	Interest Yields and Rates(a)
Investments	\$142,494	\$9,411	6.60%	\$161,239	\$10,356	6.42%
Securities available for sale	1,689,257	111,032	6.57	1,359,698	93,124	6.85
Loans held for sale	199,073	13,367	6.71	197,969	14,072	7.11
Loans and leases	7,463,981	618,291	8.28	7,083,890	631,342	8.91
Total interest- earning assets	9,494,805	752,101	7.92	8,802,796	748,894	8.51
Other assets	798,494			826,741		
Total assets	\$10,293,299			\$9,629,537		
Non-interest bearing deposits	\$1,177,723			\$1,017,245		
Interest-bearing deposits	5,440,034	175,495	3.23	5,747,165	212,492	3.70
Total deposits	6,617,757	175,495	2.65	6,764,410	212,492	3.14
Borrowings	2,673,958	152,393	5.70	1,805,378	110,668	6.13
Total interest- bearing liabilities	8,113,992	327,888	4.04	7,552,543	323,160	4.28
Other liabilities	185,393			159,292		
Total liabilities	9,477,108			8,729,080		
Stockholders' equity	816,191			900,457		
Total liabilities and stockholders' equity	\$10,293,299			\$9,629,537		
Net interest income		\$424,213			\$425,734	

Net interest- rate spread	3.88%	4.23%
Net interest margin	4.47%	4.84%