



News Release

TCF Reports First-Quarter Earnings

MINNEAPOLIS, April 19 /PRNewswire/ --

EARNINGS SUMMARY (\$ in thousands, except per-share data)	Three Months Ended March 31,	
	1999	1998
Net income	\$37,340	\$39,894
Diluted earnings per common share	.44	.43
Basic earnings per common share	.45	.44
Dividends declared per common share	.1625	.125
Net interest margin	4.52%	4.94%
Return on average assets	1.48	1.66
Return on average realized common equity	18.06	16.99
Return on average common equity	17.99	16.83
Diluted cash earnings per common share	\$.47	\$.49
Cash return on average assets	1.57%	1.86%
Cash return on average tangible equity	24.49	23.78

TCF Financial Corporation (TCF) (NYSE: TCB) today reported net income of \$37.3 million for the 1999 first quarter, compared with \$39.9 million for the 1998 first quarter. The 1998 first quarter results were favorably impacted by a non-recurring after-tax gain of \$3.4 million (4 cents per diluted common share) on the sale of a joint venture interest. Diluted earnings per common share was 44 cents for the 1999 first quarter, up from 43 cents for the same period in 1998. Return on average assets was 1.48 percent and return on average realized common equity was 18.06 percent for the 1999 first quarter, compared with 1.66 percent and 16.99 percent, respectively, for the 1998 first quarter.

"Our core operating earnings (before gains on sales of assets) improved significantly in the first quarter," said TCF Chairman and Chief Executive Officer William A. Cooper. "Power Assets(SM), which consist of higher-yielding consumer and commercial loans and leases, grew \$213.8 million in the first quarter. Power Liabilities(SM), which are lower interest-cost checking, savings, and money market deposit accounts, also grew substantially during the first quarter.

"We continued to expand our supermarket franchise by opening five new branches during the quarter. We now have 166 supermarket branches, up from 144 branches a year ago. Our 95 de novo branches in Jewel-Osco stores reached a milestone of 100,000 checking accounts in just 14 months of operation. During the past 12 months, deposit accounts in our supermarket branches increased 59 percent to 445,000 accounts and the balances increased 35 percent to \$665.9 million. With our deposit sales efforts focused primarily on Power Liabilities(SM), the average rate on these deposits decreased from 2.79 percent in March 1998 to 1.95 percent in March 1999. Deposit fees and other revenues in these branches increased 98 percent from \$8.8 million in the 1998 first quarter to \$17.5 million in the 1999 first quarter. Our supermarket franchise will continue to grow; we plan to open 33 additional branches in the remainder of 1999 and at least 25 branches in 2000."

Net interest income was \$104.8 million for the 1999 first quarter, compared with \$109.2 million for the 1998 first quarter and \$104.7 million for the 1998 fourth quarter. TCF's net interest margin was 4.52 percent for the 1999 first quarter, compared with 4.94 percent for the 1998 first quarter and 4.65 percent for the 1998 fourth quarter. TCF's net interest

margin has been negatively impacted by loan prepayments, its purchases of lower-yielding mortgage-backed securities and by the discontinuation of TCF's high-margin automobile finance business.

Non-interest income (excluding gains on sales of securities, loan servicing, branches and a joint venture interest) totaled \$68.4 million for the 1999 first quarter, up 18 percent from \$57.8 million for the 1998 first quarter. The improvement was largely due to increased deposit and electronic funds transfer revenues, and reflects TCF's expanded retail banking operations from its de novo expansion.

Non-interest expense (excluding the amortization of goodwill and deposit base intangibles) totaled \$105.7 million for the 1999 first quarter, up 7 percent from \$98.4 million for the 1998 first quarter. This increase was primarily due to the costs associated with expanded retail banking operations, including a \$1.8 million increase in deposit account losses which is due to the growth in number of checking accounts.

Non-performing assets (principally non-accrual loans and leases, net of non-recourse discounted lease rentals, and real estate acquired through foreclosure) were \$52.8 million at March 31, compared with \$48.7 million at Dec. 31, 1998. TCF provided \$7.8 million for credit losses in the 1999 first quarter, compared with \$6 million in the 1998 first quarter. Net loan and lease charge-offs were \$9.3 million (including \$7.8 million of consumer finance automobile loans), or 0.51 percent of average loans and leases outstanding, in the 1999 first quarter, compared with \$6 million, or 0.34 percent of average loans and leases, for the same 1998 period. At March 31, TCF's allowance for loan and lease losses totaled \$75.4 million, compared with \$80 million at year-end 1998, and was 180 percent of non-accrual loans and leases. The decrease in the allowance primarily reflects the \$84.7 million decrease in consumer finance automobile loans, partially offset by the impact of a \$236.9 million net increase in other loans and leases, and the increase in non-accrual loans and leases. During the 1999 first quarter, TCF agreed to sell approximately \$52 million of its consumer finance automobile portfolio. These loans were transferred to loans held for sale with the sale expected to close in May.

Total loans and leases were \$7.3 billion at March 31, up \$152.2 million from year-end 1998. Higher-yielding consumer and commercial loans and leases, excluding consumer finance automobile loans, totaled \$3.4 billion, up \$213.8 million from year-end 1998. At March 31, TCF's home equity loan portfolio totaled \$1.6 billion, up \$122.8 million from year-end 1998.

Deposits totaled \$6.6 billion at March 31; included in deposits are \$1.9 billion of lower interest-cost savings and money market deposits, an increase of \$42.5 million from year-end 1998. Checking deposits, which vary on a day-to-day basis, were down \$78.4 million from year-end 1998; however, average checking deposits increased \$26.9 million in the 1999 first quarter as compared to the 1998 fourth quarter. TCF had 944,000 checking accounts at March 31, up from 913,000 at year-end 1998. Higher interest-cost certificates of deposit decreased \$46.8 million from year-end 1998. The weighted average rate on total deposits at March 31, was 2.64 percent, down from 3.23 percent at March 31, 1998.

At March 31, book value per common share was \$9.81 based on 84,073,080 common shares outstanding. TCF repurchased 1.7 million shares of its common stock in the 1999 first quarter under its stock repurchase programs. TCF has 4.1 million shares remaining in a 5 percent stock repurchase program authorized by the board of directors in December 1998.

TCF is a \$10.2 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, mortgage banking, title insurance, annuity and mutual fund sales companies.

There are a number of important factors which could cause TCF's future results to differ materially from historical performance and which make any forward-looking statements about TCF's financial results subject to a number of risks and uncertainties. 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 or lead to other adverse developments; increases in bankruptcy filings by TCF's loan and lease customers; shifts

in interest rates which may result in shrinking interest margins, increased borrowing costs or other adverse developments; 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; inflation; changes in the quality or composition of 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 certain uncertainties which may delay or increase the cost of implementation. 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 1997 and 1998 acquisitions (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 March 31,	
	1999	1998
Interest income:		
Loans and leases	\$150,241	\$160,848
Securities available for sale	28,088	24,164
Loans held for sale	3,519	3,681
Investments	2,195	2,783
Total interest income	184,043	191,476
Interest expense:		
Deposits	43,890	56,372
Borrowings	35,314	25,952
Total interest expense	79,204	82,324
Net interest income	104,839	109,152
Provision for credit losses	7,760	5,984
Net interest income after provision for credit losses	97,079	103,168
Non-interest income:		
Fee and service charge revenues	33,841	26,931
Electronic funds transfer revenues	14,397	10,111
Leasing revenues	7,594	7,693
Title insurance revenues	4,466	4,536
Commissions on sales of annuities	2,200	2,224
Commissions on sales of mutual funds	1,542	1,331
Gain on sale of loans held for sale	1,569	2,154
Other	2,776	2,830
	68,385	57,810
Gain on sale of securities available for sale	3,199	502
Gain on sale of loan servicing	2,333	--
Gain on sale of branches	--	2,048
Gain on sale of joint venture interest	--	5,580
	5,532	8,130
Total non-interest income	73,917	65,940
Non-interest expense:		
Compensation and employee benefits	58,053	52,763

Occupancy and equipment	18,109	17,305
Advertising and promotions	4,654	5,266
Federal deposit insurance premiums and assessments	1,365	1,395
Amortization of goodwill and other intangibles	2,675	2,916
Other	23,469	21,674
Total non-interest expense	108,325	101,319
Income before income tax expense	62,671	67,789
Income tax expense	25,331	27,895
Net income	\$ 37,340	\$ 39,894
Net income per common share:		
Basic	\$.45	\$.44
Diluted	\$.44	\$.43
Dividends declared per common share	\$.1625	\$.125
Average common and common equivalent shares outstanding:		
Basic	83,613	90,914
Diluted	84,096	91,816

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

ASSETS

	At March 31, 1999	At December 31, 1998
Cash and due from banks	\$ 355,835	\$ 420,477
Investments	158,222	277,715
Securities available for sale	1,569,406	1,677,919
Loans held for sale	250,409	213,073
Loans and leases:		
Residential real estate	3,788,352	3,765,280
Commercial real estate	886,554	811,428
Commercial business	321,462	289,104
Consumer	1,897,128	1,876,554
Lease financing	399,833	398,812
Total loans and leases	7,293,329	7,141,178
Allowance for loan and lease losses	(75,396)	(80,013)
Net loans and leases	7,217,933	7,061,165
Goodwill	164,715	166,645
Deposit base intangibles	15,493	16,238
Other assets	468,731	331,362
	\$10,200,744	\$10,164,594

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Checking	\$ 1,801,264	\$ 1,879,623
Passbook and statement	1,187,174	1,176,931
Money market	732,231	700,004
Certificates	2,911,812	2,958,588
Total deposits	6,632,481	6,715,146
Securities sold under repurchase agreements	496,397	367,280
Federal Home Loan Bank advances	1,727,528	1,804,208
Discounted lease rentals	178,124	183,684
Other borrowings	177,740	105,874
Total borrowings	2,579,789	2,461,046

Accrued interest payable	29,843	27,601
Accrued expenses and other liabilities	134,189	115,299
Total liabilities	9,376,302	9,319,092
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; 92,844,328 and 92,912,246 shares issued	928	929
Additional paid-in capital	502,309	507,534
Retained earnings, subject to certain restrictions	633,703	610,177
Unamortized deferred compensation Loan to Executive Deferred Compensation Plan	(22,035)	(24,217)
	(5,816)	(6,111)
Shares held in trust for deferred compensation plans, at cost	(45,777)	(45,740)
Accumulated other comprehensive income (loss)	(1,862)	7,591
Treasury stock, at cost, 8,771,248 and 7,343,117 shares	(237,008)	(204,661)
Total stockholders' equity	824,442	845,502
	\$10,200,744	\$10,164,594

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

	At March 31, 1999	At December 31, 1998
Other Financial Condition Data:		
Tangible net worth	\$ 644,234	\$ 662,619
Stockholders' equity to total assets	8.08%	8.32%
Book value per common share	\$ 9.81	\$ 9.88
Tangible book value per common share	7.66	7.74
Non-performing assets:		
Non-accrual loans and leases	\$ 38,553 (a)	\$ 33,697
Other real estate owned and other assets	14,261	14,972
Total non-performing assets	\$ 52,814	\$ 48,669

(a) Excludes \$3.3 million of lease financings that have been funded on a non-recourse basis by third-party financial institutions.

Allowance for loan and lease losses as a percentage of total loans and leases	1.03%	1.12%
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Consumer loans:		
Home equity	\$1,648,970	\$1,526,129
Automobile	236,351	337,893
Other secured	16,027	26,614
Unsecured	30,504	35,290
Unearned discounts and deferred loan fees	(34,724)	(49,372)
Total consumer loans	\$1,897,128	\$1,876,554

Consumer finance automobile

loans, net of unearned discounts and deferred loan fees \$ 149,210 (b) \$ 233,948

(b) Excludes \$48.4 million of loans transferred to Loans Held for Sale.

Delinquency data:

Total loans and leases over 30-days	.71%	.94%
Total consumer loans over 30-days	1.93	2.83
Finance company automobile loans over 60-days	3.63	3.23

At or For the Quarter Ended March 31,

	1999	1998	Increase (Decrease)	% Change
Supermarket Banking Summary:				
Number of branches	166	144	22	15.3%
Number of deposit accounts	445,024	280,504	164,520	58.7
Deposits:				
Checking and money market	\$346,936	\$237,891	\$109,045	45.8
Savings	110,462	75,188	35,274	46.9
Total Power Liabilities	457,398	313,079	144,319	46.1
Certificates	208,529	178,435	30,094	16.9
Total deposits	\$665,927	\$491,514	\$174,413	35.5
Average rate on deposits	1.95%	2.79%	(.84)%	(30.1)
Total fees and other revenues	\$ 17,457	\$ 8,822	\$ 8,635	97.9

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 March 31, 1999		Three Months Ended March 31, 1998			
	Average Balance	Interest	Interest Yields & Rates(a)	Average Balance	Interest	Interest Yields & Rates(a)
Assets:						
Investments	\$139,014	\$2,195	6.32%	\$178,723	\$2,783	6.23%
Securities available for sale	1,704,601	28,088	6.59	1,379,260	24,164	7.01
Loans held for sale	214,960	3,519	6.55	210,065	3,681	7.01
Loans and leases	7,228,570	150,241	8.31	7,070,955	160,848	9.10
Total interest-earning assets	9,287,145	184,043	7.93	8,839,003	191,476	8.67
Other assets	821,224			802,280		
Total assets	\$10,108,369			\$9,641,283		
Liabilities and Stockholders' Equity:						
Non-interest bearing deposits	\$1,035,957			\$879,272		

Interest-bearing deposits	5,522,597	43,890	3.18	5,993,115	56,372	3.76
Total deposits	6,558,554	43,890	2.68	6,872,387	56,372	3.28
Borrowings	2,535,594	35,314	5.57	1,659,245	25,952	6.26
Total interest-bearing liabilities	8,058,191	79,204	3.93	7,652,360	82,324	4.30
Other liabilities	183,786			161,603		
Total liabilities	9,277,934			8,693,235		
Stockholders' equity	830,435			948,048		
Total liabilities and stockholders' equity	\$10,108,369			\$9,641,283		
Net interest income		\$104,839			\$109,152	
Net interest-rate spread			4.00%			4.37%
Net interest margin			4.52%			4.94%

(a) Annualized