## News Release

### TCF Reports Record Earnings for 1998

| EARNINGS SUMMARY ($ in thousands, except per-share data) | Three Months Ended Dec. 31, 1998 | 1997 | Year Ended Dec. 31, 1998 | 1997 |
|---|---|---|---|---|
| Net income | $39,504 | $39,889 | $156,179 | $145,061 |
| Diluted earnings per common share | .46 | .43 | 1.76 | 1.69 |
| Basic earnings per common share | .47 | .44 | 1.77 | 1.72 |
| Dividends declared per common share | .1625 | .125 | .6125 | .46875 |
| Net interest margin | 4.65% | 4.93% | 4.84% | 5.20% |
| Return on average assets | 1.60 | 1.63 | 1.62 | 1.77 |
| Return on average realized common equity | 18.77 | 17.28 | 17.51 | 19.57 |
| Return on average common equity | 18.56 | 17.10 | 17.34 | 19.45 |
| Diluted cash earnings per common share | $.49 | $.46 | $1.91 | $1.81 |
| Cash return on average assets | 1.70% | 1.73% | 1.76% | 1.91% |
| Cash return on average tangible equity | 25.18 | 23.09 | 23.83 | 23.96 |

MINNEAPOLIS, Jan. 19 /PRNewswire/ -- TCF Financial Corporation (TCF) (NYSE: TCB) today reported record earnings for 1998 of $156.2 million, up 8 percent from $145.1 million for 1997. Diluted earnings per common share was $1.76 for 1998, up 4 percent from $1.69 for 1997. Cash earnings per common share, which excludes amortization and reduction of goodwill and deposit base intangibles, was $1.91 for 1998, up 6 percent from $1.81 for 1997. Return on average assets was 1.62 percent and return on average realized common equity was 17.51 percent for 1998, compared with 1.77 percent and 19.57 percent, respectively, for 1997.

Net income for the 1998 fourth quarter totaled $39.5 million, compared with $39.9 million for the 1997 fourth quarter. Diluted earnings per common share was 46 cents for the 1998 fourth quarter, up 7 percent from 43 cents for the same period in 1997. Cash earnings per common share was 49 cents for the 1998 fourth quarter, compared with 46 cents for the same period in 1997. Return on average assets was 1.60 percent for the 1998 fourth quarter, compared with 1.63 percent for the 1997 fourth quarter. Return on average realized common equity was 18.77 percent for the 1998 fourth quarter, compared with 17.28 percent for the 1997 fourth quarter.

"Although we had record 1998 earnings, our results were impacted by several factors," said TCF Chairman and Chief Executive Officer William A. Cooper. "First, the drop in interest rates in 1998 caused record refinancings that, despite strong loan originations, reduced our ability to grow higher-yielding assets. Falling interest rates also reduced the yields on our loan portfolios. While no one can predict the direction of interest rates, we see signs that refinancings may be slowing.

"Second, we significantly increased TCF's retail franchise by opening 106 new branches in 1998 and a total of 147 new branches (128 in supermarkets) over the last three years. This de novo expansion had an estimated after-tax cost of $10 million in 1998. In addition, we added 275 ATMs in 1998, bringing the total to 1,431 ATMs. Our expansion helped

TCF grow checking, savings and money market deposits by $454.9 million and increased the number of checking accounts by 18 percent in 1998. We believe this expansion, while costly in the short run, will contribute significantly to future profits.

"Finally, in December 1998 we restructured our consumer finance company operations, including the discontinuation of indirect auto lending, the consolidation of offices and a focus on home equity lending. TCF recorded a pretax charge of $1.8 million for the reorganization, and increased the provision for credit losses by $3.9 million from the 1997 fourth quarter primarily relating to the finance company auto portfolio. Finance company auto loans accounted for 77 percent of our 1998 net charge-offs. We expect the office consolidation will reduce 1999 expenses by approximately $10 million."

Net interest income was $104.7 million for the 1998 fourth quarter, compared with $111 million for the 1997 fourth quarter. This decrease was primarily due to a decline in the yields on interest-earning assets caused by falling interest rates, partially offset by the growth of lower interest-cost retail deposits. TCF's net interest margin was 4.65 percent for the 1998 fourth quarter, compared with 4.93 percent for the 1997 fourth quarter. Net interest income and net interest margin for 1998 were $425.7 million and 4.84 percent, respectively, compared with $393.6 million and 5.20 percent for 1997. The increase in net interest income for 1998 was 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 has been negatively impacted by loan prepayments, Standard and purchases of lower-yielding mortgage-backed securities.

Non-interest income (excluding gains on sales of loan servicing, securities, branches and a joint venture interest) totaled $70.1 million for the 1998 fourth quarter, up 26 percent from $55.6 million for the 1997 fourth quarter. On the same basis, non-interest income totaled $262.7 million for 1998, up 30 percent from $202.4 million for 1997. The improvement was largely due to increased deposit, ATM and title insurance revenues, and reflects TCF's expanded retail banking operations from its de novo expansion. TCF sold seven underperforming branches during the quarter, resulting in a pretax gain of $12.1 million.

Non-interest expense (excluding the amortization of goodwill and deposit base intangibles) totaled $107.1 million for the 1998 fourth quarter, up 13 percent from $95 million for the 1997 fourth quarter. On the same basis, non-interest expense totaled $417.3 million for 1998, up 21 percent from $345.6 million for 1997. The increases were primarily due to the costs associated with expanded retail banking operations.

Non-performing assets (principally non-accrual loans and leases, and real estate acquired through foreclosure) were $48.7 million at Dec. 31, 1998, down from $58.7 million at Dec. 31, 1997. TCF provided $9.8 million for credit losses in the 1998 fourth quarter, compared with $5.9 million in the 1997 fourth quarter. Net loan and lease charge-offs were $8.7 million, or 0.49 percent of average loans and leases outstanding, in the 1998 fourth quarter, compared with $5.4 million, or 0.30 percent of average loans and leases, for the same 1997 period. At Dec. 31, 1998, TCF's allowance for loan and lease losses totaled $80 million, compared with $82.6 million at year-end 1997, and was 237 percent of non-accrual loans and leases.

Total loans and leases were $7.1 billion at Dec. 31, 1998, up $72 million from year-end 1997. Higher-yielding consumer and commercial loans and leases totaled $3.4 billion, down $69.4 million from year-end 1997. At Dec. 31, 1998, TCF's home equity loan portfolio totaled $1.5 billion, unchanged from year-end 1997.

Deposits totaled $6.7 billion at Dec. 31, 1998, down $192.2 million from year-end 1997. This decrease resulted from sales of branches in 1998 with deposits totaling $234 million ($117.1 million in the fourth quarter). Lower interest-cost checking, savings and money market deposits totaled $3.8 billion, up $454.9 million from year-end 1997. TCF had 913,000 checking accounts at Dec. 31, 1998, up 18 percent from 772,000 at year-end 1997. Higher interest-cost certificates of deposit decreased $647.1 million from year-end 1997. The weighted average rate on total deposits at Dec. 31, 1998, was 2.73 percent, down from 3.42 percent at year-end 1997.

At Dec. 31, 1998, book value per common share was $9.88 based on 85,569,129 common shares outstanding. TCF repurchased 7.5 million shares of its common stock in 1998 under its stock repurchase programs. On Dec. 15, 1998, TCF announced that its board of directors authorized another repurchase of up to 5 percent of TCF common stock, or approximately 4.3 million shares. TCF has 1.6 million shares remaining in a 5 percent stock repurchase program, authorized by the board of directors in June 1998, which the company expects to repurchase before initiating the new program.

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 December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 1998 | 1997 | 1998 | 1997 |
| Interest income: | | | | |
| Loans and leases | $153,193 | $163,126 | $631,342 | $563,966 |
| Loans held for sale | 3,417 | 4,417 | 14,072 | 15,755 |
| Securities available for sale | 26,551 | 28,139 | 93,124 | 95,701 |
| Investments | 2,125 | 3,057 | 10,356 | 7,192 |
| Total interest income | 185,286 | 198,739 | 748,894 | 682,614 |
| Interest expense: | | | | |
| Deposits | 48,362 | 59,633 | 212,492 | 195,182 |
| Borrowings | 32,263 | 28,092 | 110,668 | 93,836 |
| Total interest expense | 80,625 | 87,725 | 323,160 | 289,018 |
| Net interest income | 104,661 | 111,014 | 425,734 | 393,596 |
| Provision for credit losses | 9,761 | 5,909 | 23,280 | 17,995 |
| Net interest income after | | | | |

| | | | | |
|---|---|---|---|---|
| provision for credit losses | 94,900 | 105,105 | 402,454 | 375,601 |
| Non-interest income: | | | | |
| Fee and service charge revenues | 35,632 | 27,951 | 127,952 | 101,329 |
| ATM network revenues | 14,317 | 8,848 | 50,556 | 30,808 |
| Leasing revenues | 7,395 | 8,374 | 31,344 | 32,025 |
| Title insurance revenues | 5,371 | 4,009 | 20,161 | 13,730 |
| Commissions on sales of annuities | 1,931 | 1,859 | 8,413 | 7,894 |
| Commissions on sales of mutual funds | 1,212 | 1,113 | 5,513 | 3,998 |
| Gain on sale of loans held for sale | 1,534 | 1,546 | 7,575 | 4,777 |
| Other | 2,674 | 1,934 | 11,156 | 7,789 |
| | 70,066 | 55,634 | 262,670 | 202,350 |
| Gain on sale of securities available for sale | -- | 3,179 | 2,246 | 8,509 |
| Gain on sale of loan servicing | -- | -- | 2,414 | 1,622 |
| Gain on sale of branches | 12,051 | 742 | 18,585 | 14,187 |
| Gain on sale of joint venture interest | -- | -- | 5,580 | -- |
| | 12,051 | 3,921 | 28,825 | 24,318 |
| Total non-interest income | 82,117 | 59,555 | 291,495 | 226,668 |
| Non-interest expense: | | | | |
| Compensation and employee benefits | 53,006 | 51,102 | 217,401 | 180,482 |
| Occupancy and equipment | 18,077 | 16,278 | 71,323 | 58,352 |
| Advertising and promotions | 3,663 | 3,823 | 19,544 | 19,157 |
| Federal deposit insurance premiums and assessments | 1,285 | 1,376 | 5,439 | 4,689 |
| Amortization of goodwill and other intangibles | 2,829 | 2,844 | 11,399 | 15,757 |
| Other | 31,065 | 22,453 | 103,594 | 82,925 |
| Total non-interest expense | 109,925 | 97,876 | 428,700 | 361,362 |
| Income before income tax expense | 67,092 | 66,784 | 265,249 | 240,907 |
| Income tax expense | 27,588 | 26,895 | 109,070 | 95,846 |
| Net income | $ 39,504 | $ 39,889 | $156,179 | $145,061 |
| | | | | |
| Net income per common share: | | | | |
| Basic | $ .47 | $ .44 | $ 1.77 | $ 1.72 |
| Diluted | $ .46 | $ .43 | $ 1.76 | $ 1.69 |
| | | | | |
| Dividends declared per common share | $ .1625 | $ .125 | $ .6125 | $ .46875 |
| | | | | |
| Average common and common equivalent shares outstanding: | | | | |
| Basic | 84,899 | 90,714 | 88,093 | 84,478 |
| Diluted | 85,602 | 92,015 | 88,916 | 86,134 |

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

ASSETS

| | At December 31, 1998 | 1997 |
|---|---|---|
| Cash and due from banks | $ 420,477 | $ 297,010 |
| Investments | 277,715 | 129,612 |
| Securities available for sale (amortized cost of $1,665,571 and $1,411,979) | 1,677,919 | 1,426,131 |

| | | |
|---|---|---|
| Loans held for sale | 213,073 | 244,612 |
| Loans and leases: | | |
| Residential real estate | 3,765,280 | 3,623,845 |
| Commercial real estate | 811,428 | 859,916 |
| Commercial business | 289,104 | 240,207 |
| Consumer | 1,876,554 | 1,976,699 |
| Lease financing | 398,812 | 368,521 |
| Total loans and leases | 7,141,178 | 7,069,188 |
| Allowance for loan and lease losses | (80,013) | (82,583) |
| Net loans and leases | 7,061,165 | 6,986,605 |
| Goodwill | 166,645 | 177,700 |
| Deposit base intangibles | 16,238 | 19,821 |
| Other assets | 331,362 | 463,169 |
| | $10,164,594 | $9,744,660 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| Deposits: | | |
| Checking | $ 1,879,623 | $1,468,657 |
| Passbook and statement | 1,176,931 | 1,134,678 |
| Money market | 700,004 | 698,312 |
| Certificates | 2,958,588 | 3,605,663 |
| Total deposits | 6,715,146 | 6,907,310 |
| Securities sold under repurchase agreements and federal funds purchased | 367,280 | 112,444 |
| Federal Home Loan Bank advances | 1,804,208 | 1,339,578 |
| Discounted lease rentals | 183,684 | 228,596 |
| Other borrowings | 105,874 | 46,534 |
| Total borrowings | 2,461,046 | 1,727,152 |
| Accrued interest payable | 27,601 | 23,510 |
| Accrued expenses and other liabilities | 115,299 | 133,008 |
| Total liabilities | 9,319,092 | 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; 92,912,246 and 92,821,529 shares issued | 929 | 928 |
| Additional paid-in capital | 507,534 | 460,684 |
| Retained earnings, subject to certain restrictions | 610,177 | 508,969 |
| Unamortized deferred compensation | (24,217) | (25,457) |
| Loan to Executive Deferred Compensation Plan | (6,111) | -- |
| Shares held in trust for deferred compensation plans, at cost | (45,740) | -- |
| Accumulated other comprehensive income | 7,591 | 8,556 |
| Treasury stock, at cost, 7,343,117 shares in 1998 | (204,661) | -- |
| Total stockholders' equity | 845,502 | 953,680 |
| | $10,164,594 | $9,744,660 |

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

| | At December 31, 1998 | 1997 |
|---|---|---|
| Other Financial Condition Data: | | |
| Tangible net worth | $ 662,619 | $ 756,159 |
| Stockholders' equity to total assets | 8.32% | 9.79% |
| Book value per common share | $ 9.88 | $ 10.27 |

| | | |
|---|---|---|
| Tangible book value per common share | 7.74 | 8.15 |
| Non-performing assets: | | |
| Non-accrual loans and leases | $ 33,697 | $ 36,793 |
| Other real estate owned and other assets | 14,972 | 21,953 |
| Total non-performing assets | $ 48,669 | $ 58,746 |
| Troubled debt restructured loans | $ -- | $ 1,335 |
| Accruing loans and leases 90 days or more past due | -- | -- |
| Allowance for loan and lease losses as a percentage of total loans and leases | 1.12% | 1.17% |
| Consumer loans: | | |
| Home equity | $1,526,129 | $1,519,644 |
| Automobile | 337,893 | 444,903 |
| Other secured | 26,614 | 30,067 |
| Unsecured | 35,290 | 44,607 |
| Unearned discounts and deferred loan fees | (49,372) | (62,522) |
| Total consumer loans | $1,876,554 | $1,976,699 |
| Consumer finance automobile loans, net of unearned discounts and deferred loan fees | $ 233,948 | $ 292,583 |
| Delinquency data: | | |
| Total loans and leases over 30-days | .94% | .72% |
| Total consumer loans over 30-days | 2.82 | 1.91 |
| Finance company automobile loans over 60-days | 3.23 | 1.65 |

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, 1998 | | | 1997 | | |
|---|---|---|---|---|---|---|
| | Average Balance | Interest | Interest Yields and Rates(a) | Average Balance | Interest | Interest Yields and Rates(a) |
| Assets: | | | | | | |
| Investments | $127,084 | $2,125 | 6.69% | $137,752 | $3,057 | 8.88% |
| Securities available for sale | 1,596,574 | 26,551 | 6.65 | 1,578,769 | 28,139 | 7.13 |
| Loans held for sale | 194,061 | 3,417 | 7.04 | 235,789 | 4,417 | 7.49 |
| Loans and leases | 7,091,756 | 153,193 | 8.64 | 7,049,384 | 163,126 | 9.26 |
| Total interest-earning assets | 9,009,475 | 185,286 | 8.23 | 9,001,694 | 198,739 | 8.83 |
| Other assets | 850,173 | | | 790,296 | | |
| Total assets | $9,859,648 | | | $9,791,990 | | |
| Liabilities and Stockholders' Equity: | | | | | | |
| Non-interest bearing deposits | $1,111,273 | | | $ 830,050 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Interest-bearing deposits | 5,526,424 | 48,362 | 3.50 | 6,051,311 | 59,633 | 3.94 |
| Borrowings | 2,207,159 | 32,263 | 5.85 | 1,751,949 | 28,092 | 6.41 |
| Total interest-bearing liabilities | 7,733,583 | 80,625 | 4.17 | 7,803,260 | 87,725 | 4.50 |
| Other liabilities | 163,510 | | | 225,467 | | |
| Total liabilities | 9,008,366 | | | 8,858,777 | | |
| Stockholders' equity | 851,282 | | | 933,213 | | |
| Total liabilities and stockholders' equity | $9,859,648 | | | $9,791,990 | | |
| Net interest income | | $104,661 | | | $111,014 | |
| Net interest rate spread | | | 4.06% | | | 4.33% |
| Net interest margin | | | 4.65% | | | 4.93% |

(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)

| | Year Ended December 31, 1998 | | | 1997 | | |
|---|---|---|---|---|---|---|
| | Average Balance | Interest | Interest Yields and Rates | Average Balance | Interest | Interest Yields and Rates |
| Assets: | | | | | | |
| Investments | $161,239 | $10,356 | 6.42% | $96,146 | $7,192 | 7.48% |
| Securities available for sale | 1,359,698 | 93,124 | 6.85 | 1,338,295 | 95,701 | 7.15 |
| Loans held for sale | 197,969 | 14,072 | 7.11 | 211,192 | 15,755 | 7.46 |
| Loans and leases | 7,083,890 | 631,342 | 8.91 | 5,928,054 | 563,966 | 9.51 |
| Total interest-earning assets | 8,802,796 | 748,894 | 8.51 | 7,573,687 | 682,614 | 9.01 |
| Other assets | 826,741 | | | 600,083 | | |
| Total assets | $9,629,537 | | | $8,173,770 | | |
| Liabilities and | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Stockholders' Equity: | | | | | | |
| Non-interest bearing deposits | $1,017,245 | | | $ 782,836 | | |
| Interest-bearing deposits | 5,747,165 | 212,492 | 3.70 | 4,980,804 | 195,182 | 3.92 |
| Borrowings | 1,805,378 | 110,668 | 6.13 | 1,483,908 | 93,836 | 6.32 |
| Total interest-bearing liabilities | 7,552,543 | 323,160 | 4.28 | 6,464,712 | 289,018 | 4.47 |
| Other liabilities | 159,292 | | | 180,585 | | |
| Total liabilities | 8,729,080 | | | 7,428,133 | | |
| Stockholders' equity | 900,457 | | | 745,637 | | |
| Total liabilities and stockholders' equity | $9,629,537 | | | $8,173,770 | | |
| Net interest income | | $425,734 | | | $393,596 | |
| Net interest rate spread | | | 4.23% | | | 4.54% |
| Net interest margin | | | 4.84% | | | 5.20% |