
Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 13, 2005**



TCF FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

001-10253

(Commission File Number)

41-1591444

(IRS Employer Identification No.)

200 Lake Street East, Mail Code EX0-03-A, Wayzata, Minnesota 55391-1693

(Address of principal executive offices)

(612) 661-6500

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

In accordance with General Instruction B.2 of Form 8-K, the following information, including Exhibit 99.1, shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such a filing.

The registrant issued a press release dated January 13, 2005, announcing its results of operations for the quarter and year ended December 31, 2004, which is attached to this Form 8-K as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------------------------------------------------------------|
| 99.1 | Earnings Release of TCF Financial Corporation, Dated January 13, 2005 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TCF FINANCIAL CORPORATION

/s/ William A. Cooper

William A. Cooper, Chairman of the Board,
Chief Executive Officer and Director

/s/ Neil W. Brown

Neil W. Brown, Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ David M. Stautz

David M. Stautz, Senior Vice President,
Controller and Assistant Treasurer
(Principal Accounting Officer)

Dated: January 13, 2005

[\(Back To Top\)](#)

Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1

NEWS RELEASE

**CONTACT: Jason Korstange
(952) 745-2755**

www.tcfexpress.com



**TCF Reports Record Earnings and EPS (\$1.86, up 22 percent)
and Announces Quarterly Dividend Increase of 13 percent**

2004 YEAR-END HIGHLIGHTS

- Record diluted earnings per share of \$1.86, up 22 percent
- Record net income of \$255 million, up 18 percent
- Record return on average assets of 2.15 percent
- Record return on average common equity of 27.02 percent
- Board declares quarterly dividend increase of 13 percent to 21.25 cents per share
- 30 new branches opened in 2004; 258 new branches opened since January 1998
- Average Power Assets[®] increased \$1 billion, or 16 percent
- Increased checking accounts by 91,331 to 1,535,152

FOURTH QUARTER HIGHLIGHTS

- Record diluted earnings per share of 50 cents
- Record net income of \$67.4 million
- Record return on average assets of 2.22 percent
- Record return on average common equity of 28.35 percent
- Opened 12 new branches during the fourth quarter

EARNINGS SUMMARY

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

| | Three Months Ended December 31, | | | Year Ended December 31, | | |
|--------------------------------------------------|------------------------------------|-----------|--------|----------------------------|------------|--------|
| | 2004 | 2003 | Change | 2004 | 2003 | Change |
| Net income | \$ 67,402 | \$ 59,496 | 13.3 % | \$ 254,993 | \$ 215,878 | 18.1 % |
| Diluted earnings per common share ⁽¹⁾ | .50 | .43 | 16.3 | 1.86 | 1.53 | 21.6 |
| Financial Ratios | | | | | | |
| Return on average assets | 2.22 % | 2.13 % | | 2.15 % | 1.85 % | |
| Return on average common equity | 28.35 | 26.18 | | 27.02 | 23.05 | |
| Net interest margin | 4.56 | 4.68 | | 4.54 | 4.54 | |

(1) During the third quarter of 2004, TCF announced and completed a two-for-one stock split of its common stock in the form of a 100 percent stock dividend. As a result of the two-for-one stock split, all prior period share and per share data have been restated.

-more-

WAYZATA, MN, January 13, 2005 – TCF Financial Corporation (TCF) (NYSE: TCB) today reported record results for 2004. Diluted earnings per share was a record \$1.86 for 2004, compared with \$1.53 for 2003. Net income for 2004 was a record \$255 million, up \$39.1 million from 2003. Net income for 2003 included \$29.2 million, after-tax, of losses on termination of debt which reduced 2003 diluted earnings per share by 21 cents. There were no debt terminations in 2004. For 2004, return on average assets (“ROA”) was a record 2.15 percent and return on average common equity (“ROE”) was a record 27.02 percent, up from 1.85 percent and 23.05 percent, respectively, for 2003. Diluted earnings per share was a record 50 cents for the 2004 fourth quarter, up from 43 cents for the same period in 2003. Net income was a record \$67.4 million for the fourth quarter of 2004, up from \$59.5 million for the same period in 2003.

Dividend Increase

TCF’s board of directors is pleased to announce, for the fourteenth consecutive year, an increase in the regular quarterly dividend to 21.25 cents per common share, effective first quarter 2005. This represents a 13 percent increase over the 2004 quarterly dividend of 18.75 cents per common share. The dividend is payable on February 28, 2005 to common shareholders of record at the close of business on February 4, 2005. As of December 31, 2004, TCF had a 10-year compounded dividend growth rate of 19.6 percent, the fifth highest dividend growth rate among the 50 largest banks in the country.

Chairman’s Statement

“TCF’s disciplined focus on long-term strategies for growth has produced record results in 2004 and some of the best performance ratios in the banking industry,” said William A. Cooper, Chairman and CEO. “In 2004, our ROA of 2.15 percent, ROE of 27.02 percent and net charge-offs ratio, which remained at a low 11 basis points, is evidence that TCF is truly a high performance bank.”

Total Revenue

| (\$ in thousands) | Three Months Ended December 31, | | | | Year Ended Ended December 31, | | | |
|-------------------------------------------------|------------------------------------|------------|------------|----------|----------------------------------|------------|------------|-----------|
| | 2004 | 2003 | \$ Change | % Change | 2004 | 2003 | \$ Change | % Change |
| | Net interest income | \$ 126,489 | \$ 119,092 | \$ 7,397 | 6.2 % | \$ 491,891 | \$ 481,145 | \$ 10,746 |
| Fees and other revenue: | | | | | | | | |
| Fees and service charges | 67,536 | 64,486 | 3,050 | 4.7 | 271,664 | 247,456 | 24,208 | 9.8 |
| Card revenue | 17,458 | 12,069 | 5,389 | 44.7 | 63,312 | 52,991 | 10,321 | 19.5 |
| ATM revenue | 10,326 | 10,400 | (74) | (.7) | 42,935 | 43,623 | (688) | (1.6) |
| Investments and insurance commissions | 2,609 | 3,037 | (428) | (14.1) | 12,558 | 13,901 | (1,343) | (9.7) |
| Total banking fees and other revenue | 97,929 | 89,992 | 7,937 | 8.8 | 390,469 | 357,971 | 32,498 | 9.1 |
| Leasing and equipment finance | 21,047 | 15,372 | 5,675 | 36.9 | 50,323 | 51,088 | (765) | (1.5) |
| Mortgage banking, net (1) | (122) | 6,573 | (6,695) | N.M. | 12,960 | 12,719 | 241 | 1.9 |
| Other | 7,457 | 2,928 | 4,529 | 154.7 | 14,114 | 9,014 | 5,100 | 56.6 |
| Total fees and other revenue | 126,311 | 114,865 | 11,446 | 10.0 | 467,866 | 430,792 | 37,074 | 8.6 |
| Gains on sales of securities available for sale | 6,204 | — | 6,204 | 100.0 | 22,600 | 32,832 | (10,232) | (31.2) |
| Gains (losses) on termination of debt | — | — | — | — | — | (44,345) | 44,345 | 100.0 |
| Total non-interest income | 132,515 | 114,865 | 17,650 | 15.4 | 490,466 | 419,279 | 71,187 | 17.0 |
| Total revenue | \$ 259,004 | \$ 233,957 | \$ 25,047 | 10.7 | \$ 982,357 | \$ 900,424 | \$ 81,933 | 9.1 |
| Net interest margin | 4.56 % | 4.68 % | | | 4.54 % | 4.54 % | | |
| Fees and other revenue as a % of total revenue | 48.77 | 49.10 | | | 47.63 | 47.84 | | |
| Fees and other revenue as a % of average assets | 4.15 | 4.11 | | | 3.93 | 3.70 | | |

N.M. Not meaningful.

(1) See "Mortgage Banking" section below for further discussion of mortgage banking revenue.

Net Interest Income

TCF's net interest income in 2004 was \$491.9 million, up \$10.7 million, or 2 percent, from 2003. Net interest margin in 2004 was 4.54 percent, unchanged from 2003. The increase in net interest income in 2004 is primarily attributable to the solid growth in average Power Assets, partially offset by the reductions in residential real estate loans and mortgage-backed securities ("treasury assets") and mortgage loans held for sale. Average Power Assets increased \$1 billion over 2003, while treasury assets declined \$690.3 million during the same period.

TCF's net interest income in the fourth quarter of 2004 was \$126.5 million, up \$7.4 million, or 6 percent, from fourth quarter of 2003 and was up \$2 million, or 2 percent, from the third quarter of 2004. Net interest margin in the fourth quarter of 2004 was 4.56 percent, compared with 4.68 percent last year and 4.56 percent in the third quarter of 2004. The increase in net interest income in the fourth quarter from the fourth quarter of 2003 and the third quarter of 2004 was primarily driven by increases in average Power Assets

coupled with the favorable impact of the increases in short-term interest rates partially offset by the reductions in treasury assets and mortgage loans held for sale.

Interest Rate Risk

TCF has positioned its balance sheet to benefit from a rising interest rate environment. TCF's one-year interest rate gap (the difference between interest-earning assets and interest-bearing liabilities repricing or maturing within the next twelve months), assuming no change in interest rates, was a positive \$585 million, or 5 percent of total assets, at December 31, 2004, compared with a positive \$161.3 million, or 1 percent of total assets at December 31, 2003 and a positive \$1.1 billion, or 9 percent of total assets, at September 30, 2004. The decrease in the one-year interest rate gap during the fourth quarter of 2004 was primarily due to an increase in treasury assets and the movement of certain long-term fixed-rate borrowings into the one-year interest rate gap. The one-year interest rate gap is subject to a number of assumptions and is only one of a number of

interest rate risk measurements and is best used as a general measure of the effect on net interest income of rising or falling interest rates.

Non-interest Income

Total non-interest income was \$490.5 million for 2004, up \$71.2 million, or 17 percent, from 2003. Included in non-interest income for 2003 were losses of \$44.3 million on the termination of debt. There were no debt terminations in 2004. Banking fees and other revenue increased \$32.5 million, or 9 percent, during the year as a result of TCF's expanding branch network and customer base, new products and services, and increased fees. Included in banking fees and other revenue are card revenues of \$63.3 million, up \$10.3 million, or 19 percent, from 2003 primarily reflecting an 18 percent increase in off-line sales volume.

During 2004, TCF sold \$1.4 billion of mortgage-backed securities and realized gains of \$22.6 million compared with sales of \$816.5 million of mortgage-backed securities and realized gains of \$32.8 million in

-more-

5

2003. Other revenue was \$14.1 million for 2004, up \$5.1 million from 2003. The increase was primarily due to gains on sales of student loans of \$7.8 million in 2004 compared with gains of \$3.1 million in 2003.

For the fourth quarter of 2004, total non-interest income was up 15 percent to \$132.5 million. Banking fees and other revenue increased \$7.9 million, or 9 percent, over the fourth quarter of 2003. Card revenues, included in banking fees and other revenue, totaled \$17.5 million for the fourth quarter of 2004, up \$5.4 million, or 45 percent, over the same period in 2003. The increase was attributable to a 21 percent increase in off-line sales volume coupled with an 18 basis point increase in the average off-line interchange rate.

Leasing and equipment finance revenues were \$21 million for the fourth quarter of 2004, up \$5.7 million, or 37 percent, from the 2003 fourth quarter. The increase is primarily the result of a \$5.4 million increase in sales-type lease revenues. Leasing and equipment finance revenues may fluctuate from quarter to quarter based on customer driven factors not within the control of TCF.

During the 2004 fourth quarter, TCF took advantage of market conditions and sold \$346.3 million of mortgage-backed securities and realized gains of \$6.2 million. There were no sales of securities during the fourth quarter of 2003. For the fourth quarter of 2004, other revenue totaled \$7.5 million, up \$4.5 million, from the fourth quarter of 2003. The increase was primarily due to gains on sales of student loans of \$5.3 million during the 2004 fourth quarter compared with \$941 thousand for the same 2003 period.

New Branch Expansion

TCF opened 30 new branches during 2004, including 19 new traditional branches and 11 new supermarket branches, and has now opened 258 new branches since January 1998 representing 60 percent of TCF's 430 total branches. During the fourth quarter of 2004, TCF opened 12 new branches consisting of eight traditional branches and four supermarket branches. "TCF remains focused on its long-term strategy of expanding its franchise with the planned opening of 29 new branches in 2005, consisting of 24 new traditional branches and five new supermarket branches," said Cooper.

-more-

6

| (# of branches) | <u>December, 31</u> <u>2004</u> | <u>December, 31</u> <u>2003</u> | <u>December 31,</u> <u>1997</u> |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|
| Total Branches | | | |
| Minnesota | 101 | 98 | 75 |
| Illinois | 197 | 191 | 47 |
| Wisconsin | 34 | 34 | 28 |
| Michigan | 60 | 55 | 60 |
| Colorado | 32 | 18 | 7 |
| Indiana | 6 | 5 | — |
| | <u>430</u> | <u>401</u> | <u>217</u> |
| New Branches* | | | |
| Traditional | 61 | 42 | |
| Supermarket | 197 | 186 | |
| Total | <u>258</u> | <u>228</u> | |
| % of Total Branches | <u>60%</u> | <u>57%</u> | |

* New branches opened since January 1, 1998.

Additional information regarding the results of TCF's new branches opened since January 1, 1998 is summarized as follows:

| (\$ in thousands) | At or For the Year Ended December 31, | | Change | % Change |
|----------------------------------------------|------------------------------------------|--------------|------------|----------|
| | 2004 | 2003 | | |
| Number of checking accounts | 575,537 | 495,211 | 80,326 | 16.2 % |
| Deposits: | | | | |
| Checking | \$ 868,164 | \$ 616,539 | \$ 251,625 | 40.8 |
| Savings | 423,165 | 390,253 | 32,912 | 8.4 |
| Money market | 54,542 | 66,604 | (12,062) | (18.1) |
| Subtotal | 1,345,871 | 1,073,396 | 272,475 | 25.4 |
| Certificates of deposit | 156,958 | 152,050 | 4,908 | 3.2 |
| Total deposits | \$ 1,502,829 | \$ 1,225,446 | \$ 277,383 | 22.6 |
| Total fees and other revenue (quarter ended) | \$ 39,329 | \$ 32,766 | \$ 6,563 | 20.0 |
| Total fees and other revenue (year ended) | \$ 153,788 | \$ 126,123 | \$ 27,665 | 21.9 |

Power Assets[®]

"TCF's Power Asset lending operations continue to generate strong growth, resulting in a \$1 billion increase in Power Assets over 2003," said Cooper. TCF's consumer loan average balances increased \$717.5 million, or 22 percent, and leasing and equipment finance average balances increased \$191.4 million, or 18 percent, from 2003. The growth in leasing and equipment finance was also aided by the March 2004

-more-

acquisition of VGM Leasing Inc., a company specializing in home medical equipment financing, which had \$103 million of average leasing and equipment finance balances for 2004.

| (\$ in thousands) | Average Balances for the Year Ended December 31, | | Change | % Change |
|-------------------------------|-----------------------------------------------------|--------------|--------------|----------|
| | 2004 | 2003 | | |
| Loans and leases*: | | | | |
| Consumer | \$ 4,005,558 | \$ 3,288,040 | \$ 717,518 | 21.8 % |
| Commercial real estate | 2,008,943 | 1,854,452 | 154,491 | 8.3 |
| Commercial business | 431,793 | 445,634 | (13,841) | (3.1) |
| Leasing and equipment finance | 1,285,925 | 1,094,532 | 191,393 | 17.5 |
| Power Assets | \$ 7,732,219 | \$ 6,682,658 | \$ 1,049,561 | 15.7 |

* Excludes residential real estate loans and loans held for sale.

Power Liabilities[®]

"Our continued focus on growing our customer base resulted in an increase of 91,331 checking accounts, or 6 percent, in 2004 to 1,535,152 accounts despite increased competition in all our markets," said Cooper. "Growing checking accounts is an important part of our long-term strategies." Average Power Liabilities totaled \$7.8 billion for 2004, with an average interest rate of .55 percent, down 18 basis points from 2003. Average checking, savings and money market balances increased \$249.4 million from 2003 despite a \$125.5 million reduction in average custodial account balances related to the significant decrease in mortgage banking activity. Certificates of deposit declined from 2003, as other lower-cost funding sources were available to TCF.

| (\$ in thousands) | Average Balances and Rates for the Year Ended December 31, | | Change | % Change |
|-----------------------------------------|---------------------------------------------------------------|--------------|------------|----------|
| | 2004 | 2003 | | |
| Checking | \$ 3,581,931 | \$ 3,073,490 | \$ 508,441 | 16.5 % |
| Savings | 1,935,814 | 2,071,548 | (135,734) | (6.6) |
| Money market | 763,925 | 887,273 | (123,348) | (13.9) |
| Subtotal | 6,281,670 | 6,032,311 | 249,359 | 4.1 |
| Certificates of deposit | 1,493,938 | 1,743,533 | (249,595) | (14.3) |
| Power Liabilities | \$ 7,775,608 | \$ 7,775,844 | \$ (236) | — |
| Number of checking accounts, period-end | 1,535,152 | 1,443,821 | 91,331 | 6.3 |
| Average rate on deposits | .55 % | .73 % | (18) bps | N/A |

-more-

8

Residential Real Estate Loans and Securities Available for Sale

Average balances of residential real estate loans and securities available for sale (consisting primarily of mortgage-backed securities) totaled \$2.6 billion for 2004, a decrease of \$690 million from 2003. This decline in average balances primarily reflects the significant decline in balances which occurred during 2003 as a result of the high level of prepayments. These assets remained relatively flat throughout 2004 at approximately \$2.6 billion. During the fourth quarter of 2004, TCF stopped originating loans for its residential real estate portfolio. Future consumer loan origination activity will be dedicated to the consumer home equity loan portfolio. At December 31, 2004, the unrealized pre-tax loss on TCF's securities available for sale portfolio was \$2.2 million.

| (\$ in thousands) | Average Balances and Yields for the | | | |
|-------------------------------|----------------------------------------|--------------|--------------|----------|
| | Year Ended December 31, | | Change | |
| | 2004 | 2003 | \$ | % |
| Residential real estate loans | \$ 1,104,814 | \$ 1,440,688 | \$ (335,874) | (23.3) % |
| Securities available for sale | 1,536,673 | 1,891,062 | (354,389) | (18.7) |
| Total | \$ 2,641,487 | \$ 3,331,750 | \$ (690,263) | (20.7) |
| Yield | 5.45 % | 5.77 % | | |

Non-interest Expense

Non-interest expense totaled \$586.9 million for 2004, a 5 percent increase from 2003. The increase was primarily due to costs associated with new branch expansion, additional advertising and promotions expense focused on producing and retaining TCF's deposit customer base, increased incentive compensation resulting from improved performance and increased deposit account losses resulting from increased customer transaction activity. Other expenses totaled \$119.5 million for 2004, down \$5 million, from 2003. Contributing to the decline in other expenses was a reduction in real estate owned expense of \$3.1 million coupled with a reduction in mortgage banking expenses of \$2 million.

-more-

9

Non-interest expense totaled \$154.4 million for the 2004 fourth quarter, up \$12.2 million, or 9 percent, from \$142.2 million for the 2003 fourth quarter. Compensation and employee benefits increased \$9.6 million, or 13 percent, from the fourth quarter of 2003, primarily driven by a \$4.2 million increase in incentive compensation resulting from improved performance in 2004 and a \$1.9 million increase related to new branches opened during the past 12 months. Occupancy and equipment expenses increased \$2.1 million, or 9 percent, from the fourth quarter of 2003, with \$1.4 million relating to costs associated with new branch expansion.

| (\$ in thousands) | Three Months Ended December 31, | | | | Year Ended December 31, | | | | | | | |
|------------------------------------|------------------------------------|--------|------------|-------|----------------------------|--------|------------|-------|------------|-------|-----------|-------|
| | 2004 | | 2003 | | Change | | Change | | | | | |
| | \$ | % | \$ | % | \$ | % | \$ | % | | | | |
| Compensation and employee benefits | \$ 86,338 | 12.5 % | \$ 76,752 | 9.5 % | \$ 9,586 | 12.5 % | \$ 322,824 | 6.6 % | \$ 302,804 | 6.6 % | \$ 20,020 | 6.6 % |
| Occupancy and equipment | 25,057 | 9.0 | 22,984 | 9.0 | 2,073 | 9.0 | 95,617 | 8.1 | 88,423 | 8.1 | 7,194 | 8.1 |
| Advertising and promotions | 6,568 | 5.9 | 6,204 | 5.9 | 364 | 5.9 | 26,353 | 3.2 | 25,536 | 3.2 | 817 | 3.2 |
| Deposit account losses | 5,675 | 4.2 | 5,448 | 4.2 | 227 | 4.2 | 22,624 | 20.2 | 18,820 | 20.2 | 3,804 | 20.2 |
| Other | 30,758 | (0.3) | 30,856 | (0.3) | (98) | (0.3) | 119,516 | (4.0) | 124,526 | (4.0) | (5,010) | (4.0) |
| Total non-interest expense | \$ 154,396 | 8.5 | \$ 142,244 | 8.5 | \$ 12,152 | 8.5 | \$ 586,934 | 4.8 | \$ 560,109 | 4.8 | \$ 26,825 | 4.8 |

Credit Quality

At December 31, 2004, TCF's allowance for loan and lease losses totaled \$79.9 million, or .85 percent of loans and leases, compared with \$76.6 million, or .92 percent, at December 31, 2003. The provision for credit losses for 2004 was \$10.9 million, down from \$12.5 million for 2003. Net loan and lease charge-offs in 2004 were \$9.5 million, or .11 percent of average loans and leases, down from \$12.9 million, or .16 percent in 2003. At December 31, 2004, TCF's over-30-day delinquency rate was .37 percent, down from .47 percent at December 31, 2003. Total non-performing assets were \$64.1 million, or .52 percent of total assets, at December 31, 2004, down from \$68.9 million, or .61 percent, at December 31, 2003, primarily reflecting a net decrease in other real estate owned of \$16.3 million partially offset by a net increase in non-accrual loans and leases as a result of the \$18.8 million investment in a leveraged airplane lease moving to non-accrual status, during the third quarter of 2004.

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| (\$ in thousands) | Three Months Ended December 31, | | Year Ended December 31, | |
|-------------------------------------------------------------------------------------------|------------------------------------|-----------|----------------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| Allowance for loan and lease losses: | | | | |
| Balance at beginning of period | \$ 78,976 | \$ 78,666 | \$ 76,619 | \$ 77,008 |
| Net (charge-offs) recoveries: | | | | |
| Consumer | (806) | (1,002) | (3,232) | (3,189) |
| Commercial real estate | 2 | (1,294) | (476) | (1,336) |
| Commercial business | (67) | (47) | (153) | (782) |
| Leasing and equipment finance | (2,273) | (3,708) | (5,545) | (7,537) |
| Residential real estate | (27) | (33) | (73) | (77) |
| Total | (3,171) | (6,084) | (9,479) | (12,921) |
| Provision for credit losses | 4,073 | 4,037 | 10,947 | 12,532 |
| Acquired allowance | — | — | 1,791 | — |
| Balance at end of period | \$ 79,878 | \$ 76,619 | \$ 79,878 | \$ 76,619 |
| Key Indicators: | | | | |
| Allowance for loans and leases as a percentage of total loans and leases | .85 % | .92 % | .85 % | .92 % |
| Annualized net charge-offs as a percentage of average loans and leases | .14 % | .30 % | .11 % | .16 % |
| Period-end allowance as a multiple of annualized net charge-offs | 6.3 X | 3.1 X | 8.4 X | 5.9 X |
| Income before income taxes and provision for loan losses as a multiple of net charge-offs | 33.0 X | 15.1 X | 41.7 X | 26.3 X |

Mortgage Banking

During 2004, TCF restructured its mortgage banking business by eliminating the wholesale loan origination activities and downsizing and integrating its retail loan origination function with its consumer lending business. TCF's mortgage banking business no longer originates any new loans and continues to service the remaining \$4.5 billion portfolio of mortgage loans for third party investors. During the fourth quarter of 2004, TCF increased its mortgage servicing rights valuation allowance by \$2.5 million and at December 31, 2004, the mortgage servicing rights asset totaled \$46.4 million, 1.03% of the related servicing portfolio. The following table summarizes the components of mortgage banking revenues.

| (\$ in thousands) | Three Months Ended December 31, | | Change | | Year Ended December 31, | | Change | |
|---------------------------------|------------------------------------|----------|------------|----------|----------------------------|-----------|------------|----------|
| | 2004 | 2003 | \$ | % | 2004 | 2003 | \$ | % |
| Servicing income | \$ 4,170 | \$ 4,791 | \$ (621) | (13.0) % | \$ 17,349 | \$ 20,533 | \$ (3,184) | (15.5) % |
| Less mortgage servicing rights: | | | | | | | | |
| Amortization | 3,366 | 3,387 | (21) | (0.6) | 13,091 | 23,680 | (10,589) | (44.7) |
| Impairment | 2,500 | (2,347) | 4,847 | N.M. | 1,500 | 21,153 | (19,653) | (92.9) |
| Subtotal | 5,866 | 1,040 | 4,826 | N.M. | 14,591 | 44,833 | (30,242) | (67.5) |
| Net servicing income (loss) | (1,696) | 3,751 | (5,447) | N.M. | 2,758 | (24,300) | 27,058 | N.M. |
| Gains on sales of loans | 1,361 | 2,392 | (1,031) | (43.1) | 8,107 | 33,505 | (25,398) | (75.8) |
| Other income | 213 | 430 | (217) | (50.5) | 2,095 | 3,514 | (1,419) | (40.4) |
| Total mortgage banking | \$ (122) | \$ 6,573 | \$ (6,695) | N.M. | \$ 12,960 | \$ 12,719 | \$ 241 | 1.9 |

N.M. Not meaningful.

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Income Taxes

TCF's income tax expense was \$129.5 million for 2004, or 33.68 percent of income before income tax expense, compared with \$111.9 million, or 34.14 percent, for the same 2003 period. The lower effective income tax rate in 2004 was primarily due to increased investments in affordable housing limited partnerships and lower state and local income taxes. TCF's income tax expense was \$33.1 million for the fourth quarter of 2004, or 32.96 percent of income before income tax expense, compared with \$28.2 million, or 32.14 percent, for the comparable 2003 period.

Capital

TCF repurchased 3,984,890 shares of its common stock during 2004 at an average cost of \$29.14 per share, including 1,570,000 shares at an average cost of \$30.72 during the fourth quarter. TCF has 3.5 million shares remaining in its stock repurchase program authorized by its Board of Directors. Since 1997, TCF has repurchased 54.2 million shares of its stock, at an average cost of \$17.58 per share.

| (\$ in thousands, except per-share data) | At December 31, 2004 | | At December 31, 2003 | |
|---------------------------------------------------------------|-------------------------|---------|-------------------------|--------------------|
| | | | | |
| Stockholders' equity | \$ | 958,418 | \$ | 920,858 |
| Stockholders' equity to total assets | | 7.77 % | | 8.14 % |
| Book value per common share | \$ | 6.99 | \$ | 6.53 |
| Total risk-based capital | \$ | 958,900 | 10.88 % | \$ 841,982 10.73 % |
| Total risk-based capital "well-capitalized" requirement | \$ | 881,481 | 10.00 % | \$ 784,562 10.00 % |
| Excess risk-based capital over "well-capitalized" requirement | \$ | 77,419 | .88 % | \$ 57,420 .73 % |

Website Information

A live webcast of TCF's conference call to discuss 2004 and fourth quarter earnings will be hosted at TCF's website, www.tcfexpress.com, on January 13, 2004 at 10:00 a.m., CT. Additionally, the webcast is available for replay at TCF's website after the conference call. The website also includes free access to company news releases, TCF's annual report, quarterly reports, investor presentations and SEC filings.

-more-

12

TCF is a Wayzata, Minnesota-based national financial holding company with \$12.3 billion in assets. TCF has 430 banking offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. Other TCF affiliates provide leasing and equipment finance, mortgage banking, securities brokerage, and investments and insurance sales.

Forward-looking Information

This earnings release and other reports issued by the Company, including reports filed with the SEC, may contain "forward-looking" statements that deal with future results, plans or performance. In addition, TCF's management may make such statements orally to the media, or to securities analysts, investors or others. Forward-looking statements deal with matters that do not relate strictly to historical facts. TCF's future results may differ materially from historical performance and forward-looking statements about TCF's expected financial results or other plans 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; ability to increase the number of checking accounts and the possibility that deposit account losses (fraudulent checks, etc.) may increase; reduced demand for financial services and loan and lease products; adverse developments affecting TCF's supermarket banking relationships or any of the supermarket chains in which TCF maintains supermarket branches; changes in accounting policies and guidelines, or monetary, fiscal or tax policies of the federal or state governments; changes in credit and other risks posed by TCF's loan, lease and investment portfolios, including declines in commercial or residential real estate values or a bankruptcy filing by Delta Airlines, the lessee under a leveraged lease in which TCF holds an equity interest; technological, computer-related or operational difficulties; adverse changes in securities markets; the risk that TCF could be unable to effectively manage the volatility of its mortgage servicing portfolio, which could adversely affect earnings; and results of litigation or other significant uncertainties. Investors should consult TCF's Annual Report to Shareholders and reports on Forms 10-K, 10-Q and 8-K for additional important information about the Company.

-more-

13

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

| | Three Months Ended December 31, | | \$ Change | % Change |
|-------------------------|------------------------------------|------|-----------|----------|
| | 2004 | 2003 | | |
| Interest income: | | | | |

| | | | | |
|----------------------------------------------------------------------------|------------|------------|-----------|--------|
| Loans and leases | \$ 140,469 | \$ 125,042 | \$ 15,427 | 12.3 % |
| Securities available for sale | 19,484 | 19,995 | (511) | (2.6) |
| Loans held for sale | 2,421 | 3,097 | (676) | (21.8) |
| Investments | 1,014 | 785 | 229 | 29.2 |
| Total interest income | 163,388 | 148,919 | 14,469 | 9.7 |
| Interest expense: | | | | |
| Deposits | 12,250 | 10,990 | 1,260 | 11.5 |
| Borrowings | 24,649 | 18,837 | 5,812 | 30.9 |
| Total interest expense | 36,899 | 29,827 | 7,072 | 23.7 |
| Net interest income | 126,489 | 119,092 | 7,397 | 6.2 |
| Provision for credit losses | 4,073 | 4,037 | 36 | .9 |
| Net interest income after provision for credit losses | 122,416 | 115,055 | 7,361 | 6.4 |
| Non-interest income: | | | | |
| Fees and service charges | 67,536 | 64,486 | 3,050 | 4.7 |
| Card revenue | 17,458 | 12,069 | 5,389 | 44.7 |
| ATM revenue | 10,326 | 10,400 | (74) | (.7) |
| Investments and insurance revenue | 2,609 | 3,037 | (428) | (14.1) |
| Subtotal | 97,929 | 89,992 | 7,937 | 8.8 |
| Leasing and equipment finance | 21,047 | 15,372 | 5,675 | 36.9 |
| Mortgage banking | (122) | 6,573 | (6,695) | N.M. |
| Other | 7,457 | 2,928 | 4,529 | 154.7 |
| Fees and other revenue | 126,311 | 114,865 | 11,446 | 10.0 |
| Gains on sales of securities available for sale | 6,204 | — | 6,204 | 100.0 |
| Total non-interest income | 132,515 | 114,865 | 17,650 | 15.4 |
| Non-interest expense: | | | | |
| Compensation and employee benefits | 86,338 | 76,752 | 9,586 | 12.5 |
| Occupancy and equipment | 25,057 | 22,984 | 2,073 | 9.0 |
| Advertising and promotions | 6,568 | 6,204 | 364 | 5.9 |
| Other | 36,433 | 36,304 | 129 | .4 |
| Total non-interest expense | 154,396 | 142,244 | 12,152 | 8.5 |
| Income before income tax expense | 100,535 | 87,676 | 12,859 | 14.7 |
| Income tax expense | 33,133 | 28,180 | 4,953 | 17.6 |
| Net income | \$ 67,402 | \$ 59,496 | \$ 7,906 | 13.3 |
| Net income per common share: | | | | |
| Basic | \$.50 | \$.43 | \$.07 | 16.3 |
| Diluted | \$.50 | \$.43 | \$.07 | 16.3 |
| Dividends declared per common share | \$.1875 | \$.1625 | \$.025 | 15.4 |
| Average common and common equivalent shares outstanding (in thousands): | | | | |
| Basic | 134,760 | 138,450 | (3,690) | (2.7) |
| Diluted | 135,610 | 139,118 | (3,508) | (2.5) |

N.M. Not meaningful.

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

| | Year Ended December 31, | | \$ Change | % Change |
|-------------------------------|----------------------------|------------|-----------|----------|
| | 2004 | 2003 | | |
| Interest income: | | | | |
| Loans and leases | \$ 527,178 | \$ 513,171 | \$ 14,007 | 2.7 % |
| Securities available for sale | 80,643 | 103,821 | (23,178) | (22.3) |
| Loans held for sale | 11,533 | 20,016 | (8,483) | (42.4) |
| Investments | 3,455 | 4,511 | (1,056) | (23.4) |
| Total interest income | 622,809 | 641,519 | (18,710) | (2.9) |
| Interest expense: | | | | |

| | | | | |
|----------------------------------------------------------------------------|------------|------------|-----------|--------|
| Deposits | 42,581 | 56,795 | (14,214) | (25.0) |
| Borrowings | 88,337 | 103,579 | (15,242) | (14.7) |
| Total interest expense | 130,918 | 160,374 | (29,456) | (18.4) |
| Net interest income | 491,891 | 481,145 | 10,746 | 2.2 |
| Provision for credit losses | 10,947 | 12,532 | (1,585) | (12.6) |
| Net interest income after provision for credit losses | 480,944 | 468,613 | 12,331 | 2.6 |
| Non-interest income: | | | | |
| Fees and service charges | 271,664 | 247,456 | 24,208 | 9.8 |
| Card revenue | 63,312 | 52,991 | 10,321 | 19.5 |
| ATM revenue | 42,935 | 43,623 | (688) | (1.6) |
| Investments and insurance revenue | 12,558 | 13,901 | (1,343) | (9.7) |
| Subtotal | 390,469 | 357,971 | 32,498 | 9.1 |
| Leasing and equipment finance | 50,323 | 51,088 | (765) | (1.5) |
| Mortgage banking | 12,960 | 12,719 | 241 | 1.9 |
| Other | 14,114 | 9,014 | 5,100 | 56.6 |
| Fees and other revenue | 467,866 | 430,792 | 37,074 | 8.6 |
| Gains on sales of securities available for sale | 22,600 | 32,832 | (10,232) | (31.2) |
| Gains (losses) on termination of debt | — | (44,345) | 44,345 | 100.0 |
| Other non-interest income | 22,600 | (11,513) | 34,113 | N.M. |
| Total non-interest income | 490,466 | 419,279 | 71,187 | 17.0 |
| Non-interest expense: | | | | |
| Compensation and employee benefits | 322,824 | 302,804 | 20,020 | 6.6 |
| Occupancy and equipment | 95,617 | 88,423 | 7,194 | 8.1 |
| Advertising and promotions | 26,353 | 25,536 | 817 | 3.2 |
| Other | 142,140 | 143,346 | (1,206) | (.8) |
| Total non-interest expense | 586,934 | 560,109 | 26,825 | 4.8 |
| Income before income tax expense | 384,476 | 327,783 | 56,693 | 17.3 |
| Income tax expense | 129,483 | 111,905 | 17,578 | 15.7 |
| Net income | \$ 254,993 | \$ 215,878 | \$ 39,115 | 18.1 |
| Net income per common share: | | | | |
| Basic | \$ 1.87 | \$ 1.53 | \$.34 | 22.2 |
| Diluted | \$ 1.86 | \$ 1.53 | \$.33 | 21.6 |
| Dividends declared per common share | \$.75 | \$.65 | \$.10 | 15.4 |
| Average common and common equivalent shares outstanding (in thousands): | | | | |
| Basic | 136,616 | 140,987 | (4,371) | (3.1) |
| Diluted | 137,175 | 141,541 | (4,366) | (3.1) |

N.M. Not meaningful.

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15

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

| | At | | Change | |
|-------------------------------|----------------------|----------------------|-------------|---------|
| | December 31, 2004 | December 31, 2003 | \$ | % |
| ASSETS | | | | |
| Cash and due from banks | \$ 359,798 | \$ 370,054 | \$ (10,256) | (2.8) % |
| Investments | 103,226 | 75,223 | 28,003 | 37.2 |
| Securities available for sale | 1,619,941 | 1,533,288 | 86,653 | 5.7 |
| Loans held for sale | 154,279 | 335,372 | (181,093) | (54.0) |
| Loans and leases: | | | | |
| Consumer | 4,418,588 | 3,630,341 | 788,247 | 21.7 |
| Commercial real estate | 2,154,396 | 1,916,701 | 237,695 | 12.4 |
| Commercial business | 424,135 | 427,696 | (3,561) | (.8) |

| | | | | |
|-------------------------------------|----------------------|----------------------|---------------------|------------|
| Leasing and equipment finance | 1,375,372 | 1,160,397 | 214,975 | 18.5 |
| Subtotal | 8,372,491 | 7,135,135 | 1,237,356 | 17.3 |
| Residential real estate | 1,014,166 | 1,212,643 | (198,477) | (16.4) |
| Total loans and leases | 9,386,657 | 8,347,778 | 1,038,879 | 12.4 |
| Allowance for loan and lease losses | (79,878) | (76,619) | (3,259) | (4.3) |
| Net loans and leases | 9,306,779 | 8,271,159 | 1,035,620 | 12.5 |
| Premises and equipment | 326,667 | 282,193 | 44,474 | 15.8 |
| Goodwill | 152,599 | 145,462 | 7,137 | 4.9 |
| Deposit base intangibles | 4,245 | 5,907 | (1,662) | (28.1) |
| Mortgage servicing rights | 46,442 | 52,036 | (5,594) | (10.8) |
| Other assets | 266,591 | 248,321 | 18,270 | 7.4 |
| | <u>\$ 12,340,567</u> | <u>\$ 11,319,015</u> | <u>\$ 1,021,552</u> | <u>9.0</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | |
|-------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|---------------------|------------|
| Deposits: | | | | |
| Checking | \$ 3,905,987 | \$ 3,248,412 | \$ 657,575 | 20.2 |
| Savings | 1,927,872 | 1,905,923 | 21,949 | 1.2 |
| Money market | 659,686 | 845,291 | (185,605) | (22.0) |
| Subtotal | 6,493,545 | 5,999,626 | 493,919 | 8.2 |
| Certificates of deposit | 1,468,650 | 1,612,123 | (143,473) | (8.9) |
| Total deposits | 7,962,195 | 7,611,749 | 350,446 | 4.6 |
| Short-term borrowings | 1,056,111 | 878,412 | 177,699 | 20.2 |
| Long-term borrowings | 2,048,492 | 1,536,413 | 512,079 | 33.3 |
| Total borrowings | 3,104,603 | 2,414,825 | 689,778 | 28.6 |
| Accrued expenses and other liabilities | 315,351 | 371,583 | (56,232) | (15.1) |
| Total liabilities | 11,382,149 | 10,398,157 | 983,992 | 9.5 |
| Stockholders' equity: | | | | |
| Preferred stock, par value \$.01 per share, 30,000,000 shares authorized; none issued or outstanding | — | — | — | — |
| Common stock, par value \$.01 per share, 280,000,000 shares authorized; 184,939,094 and 185,026,710 shares issued | 1,849 | 925 | 924 | 99.9 |
| Additional paid-in capital | 518,741 | 518,878 | (137) | — |
| Retained earnings, subject to certain restrictions | 1,385,760 | 1,234,804 | 150,956 | 12.2 |
| Accumulated other comprehensive (loss) income | (1,415) | 5,652 | (7,067) | N.M. |
| Treasury stock at cost, 47,752,934 and 44,074,050 shares, and other | (946,517) | (839,401) | (107,116) | (12.8) |
| Total stockholders' equity | 958,418 | 920,858 | 37,560 | 4.1 |
| | <u>\$ 12,340,567</u> | <u>\$ 11,319,015</u> | <u>\$ 1,021,552</u> | <u>9.0</u> |

N.M. Not meaningful.

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TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CREDIT QUALITY DATA
(Dollars in thousands)
(Unaudited)

Allowance for loan and lease losses:

| | At or For the Year Ended December 31, 2004 | | | | | At or For the Year Ended December 31, 2003 | | | | |
|-------------------------------|--------------------------------------------|-------------------------------|-----------------|-------|-----------|--------------------------------------------|-----------------|-------|-----------|-------------------------------|
| | Allowance | Allowance as a % of Portfolio | Net Charge-offs | | Allowance | Allowance as a % of Portfolio | Net Charge-offs | | Allowance | Allowance as a % of Portfolio |
| | | | \$ | % | | | \$ | % | | |
| Consumer | \$ 9,939 | .22 % | \$ 3,232 | .08 % | \$ 9,084 | .25 % | \$ 3,189 | .10 % | \$ 9,084 | .25 % |
| Commercial real estate | 20,742 | .96 | 476 | .02 | 25,142 | 1.31 | 1,336 | .07 | 25,142 | 1.31 |
| Commercial business | 7,696 | 1.81 | 153 | .04 | 11,797 | 2.76 | 782 | .18 | 11,797 | 2.76 |
| Leasing and equipment finance | 24,566 | 1.79 | 5,545 | .43 | 13,515 | 1.16 | 7,537 | .69 | 13,515 | 1.16 |
| Unallocated | 16,139 | n/a | — | n/a | 16,139 | n/a | — | n/a | 16,139 | n/a |
| Subtotal | 79,082 | .94 | 9,406 | .12 | 75,677 | 1.06 | 12,844 | .19 | 75,677 | 1.06 |
| Residential real estate | 796 | .08 | 73 | .01 | 942 | .08 | 77 | .01 | 942 | .08 |

Total \$ 79,878 .85 \$ 9,479 .11 \$ 76,619 .92 \$ 12,921 .16

Non-performing assets:

| | At | | At | | Change from | |
|-------------------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--|
| | December 31, 2004 | September 30, 2004 | December 31, 2003 | September 30, 2004 | December 31, 2003 | |
| Non-accrual loans and leases: | | | | | | |
| Consumer | \$ 12,187 | \$ 11,959 | \$ 12,052 | \$ 228 | \$ 135 | |
| Commercial real estate | 1,093 | 1,026 | 2,490 | 67 | (1,397) | |
| Commercial business | 4,533 | 2,861 | 2,931 | 1,672 | 1,602 | |
| Leasing and equipment finance | 25,678 | 28,114 | 13,940 | (2,436) | 11,738 | |
| Residential real estate | 3,387 | 2,763 | 3,993 | 624 | (606) | |
| Total non-accrual loans and leases | 46,878 | 46,723 | 35,406 | 155 | 11,472 | |
| Other real estate owned: | | | | | | |
| Residential real estate | 11,726 | 12,028 | 20,462 | (302) | (8,736) | |
| Commercial real estate | 5,465 | 10,717 | 12,992 | (5,252) | (7,527) | |
| Total other real estate owned | 17,191 | 22,745 | 33,454 | (5,554) | (16,263) | |
| Total non-performing assets | \$ 64,069 | \$ 69,468 | \$ 68,860 | \$ (5,399) | \$ (4,791) | |

Over 30-day delinquency data (1):

| | At December 31, 2004 | | At September 30, 2004 | | At December 31, 2003 | |
|-------------------------------|----------------------|----------------|-----------------------|----------------|----------------------|----------------|
| | Principal Balances | % of Portfolio | Principal Balances | % of Portfolio | Principal Balances | % of Portfolio |
| Consumer | \$ 15,436 | .35 % | \$ 15,256 | .36 % | \$ 17,673 | .49 % |
| Commercial real estate | 32 | — | 1,958 | .10 | 58 | — |
| Commercial business | 404 | .10 | 1,282 | .29 | 282 | .07 |
| Leasing and equipment finance | 8,997 | .67 | 7,064 | .54 | 10,619 | .93 |
| Residential real estate | 9,516 | .94 | 9,776 | .94 | 10,112 | .84 |
| Total | \$ 34,385 | .37 | \$ 35,336 | .39 | \$ 38,744 | .47 |

Potential Problem Loans and Leases (2):

| | At | | At | | Change from | |
|-------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--|
| | December 31, 2004 | September 30, 2004 | December 31, 2003 | September 30, 2004 | December 31, 2003 | |
| Commercial real estate | \$ 34,138 | \$ 31,397 | \$ 20,279 | \$ 2,741 | \$ 13,859 | |
| Commercial business | 18,112 | 21,607 | 12,721 | (3,495) | 5,391 | |
| Leasing and equipment finance | 18,816 | 17,669 | 15,094 | 1,147 | 3,722 | |
| Total | \$ 71,066 | \$ 70,673 | \$ 48,094 | \$ 393 | \$ 22,972 | |

- (1) Excludes non-accrual loans and leases.
- (2) Consists of loans and leases primarily classified for regulatory purposes as substandard and reflect the distinct possibility, but not probability, that they will become non-performing or that TCF will not be able to collect all amounts due according to the contractual terms of the loan or lease agreement.

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TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED AVERAGE BALANCE SHEETS, YIELDS AND RATES
(Dollars in thousands)
(Unaudited)

| | Three Months Ended December 31, | | | | | |
|--|---------------------------------|----------|----------------------|-----------------|----------|----------------------|
| | 2004 | | | 2003 | | |
| | Average Balance | Interest | Yields and Rates (1) | Average Balance | Interest | Yields and Rates (1) |

ASSETS

| | | | | | | |
|-------------------------------|------------|----------|--------|-----------|--------|--------|
| Investments | \$ 105,603 | \$ 1,014 | 3.83 % | \$ 75,397 | \$ 785 | 4.15 % |
| Securities available for sale | 1,534,776 | 19,484 | 5.08 | 1,505,379 | 19,995 | 5.31 |

| | | | | | | |
|-------------------------------|---------------|---------|------|---------------|---------|------|
| Loans held for sale | 254,617 | 2,421 | 3.78 | 359,650 | 3,097 | 3.42 |
| Loans and leases: | | | | | | |
| Consumer | 4,308,053 | 68,230 | 6.30 | 3,529,177 | 55,657 | 6.26 |
| Commercial real estate | 2,094,012 | 29,474 | 5.60 | 1,875,215 | 26,290 | 5.56 |
| Commercial business | 430,658 | 5,097 | 4.71 | 424,310 | 4,438 | 4.15 |
| Leasing and equipment finance | 1,341,985 | 23,031 | 6.86 | 1,152,753 | 20,318 | 7.05 |
| Subtotal | 8,174,708 | 125,832 | 6.13 | 6,981,455 | 106,703 | 6.07 |
| Residential real estate | 1,027,302 | 14,637 | 5.69 | 1,256,847 | 18,339 | 5.83 |
| Total loans and leases | 9,202,010 | 140,469 | 6.08 | 8,238,302 | 125,042 | 6.04 |
| | | | | | | |
| Total interest-earning assets | 11,097,006 | 163,388 | 5.87 | 10,178,728 | 148,919 | 5.82 |
| | | | | | | |
| Other assets | 1,072,330 | | | 1,002,824 | | |
| | | | | | | |
| Total assets | \$ 12,169,336 | | | \$ 11,181,552 | | |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | | | |
|--------------------------------------------|---------------|------------|--------|---------------|------------|--------|
| Non-interest bearing deposits | \$ 2,382,674 | | | \$ 2,199,983 | | |
| Interest-bearing deposits: | | | | | | |
| Checking | 1,450,200 | 1,700 | .47 | 1,110,296 | 213 | .08 |
| Savings | 1,820,580 | 2,338 | .51 | 1,816,220 | 1,782 | .39 |
| Money market | 685,885 | 793 | .46 | 866,408 | 823 | .38 |
| Subtotal | 3,956,665 | 4,831 | .49 | 3,792,924 | 2,818 | .29 |
| Certificates of deposit | 1,469,735 | 7,419 | 2.01 | 1,607,495 | 8,172 | 2.02 |
| Total interest-bearing deposits | 5,426,400 | 12,250 | .90 | 5,400,419 | 10,990 | .81 |
| | | | | | | |
| Total deposits | 7,809,074 | 12,250 | .62 | 7,600,402 | 10,990 | .57 |
| | | | | | | |
| Borrowings: | | | | | | |
| Short-term borrowings | 1,003,746 | 5,142 | 2.04 | 941,460 | 2,931 | 1.24 |
| Long-term borrowings | 2,045,505 | 19,507 | 3.80 | 1,358,496 | 15,906 | 4.65 |
| Total borrowings | 3,049,251 | 24,649 | 3.22 | 2,299,956 | 18,837 | 3.25 |
| | | | | | | |
| Total deposits and borrowings | 10,858,325 | 36,899 | 1.35 | 9,900,358 | 29,827 | 1.20 |
| | | | | | | |
| Other liabilities | 360,004 | | | 372,034 | | |
| | | | | | | |
| Total liabilities | 11,218,329 | | | 10,272,392 | | |
| | | | | | | |
| Stockholders' equity | 951,007 | | | 909,160 | | |
| | | | | | | |
| Total liabilities and stockholders' equity | \$ 12,169,336 | | | \$ 11,181,552 | | |
| | | | | | | |
| Net interest income and margin | | \$ 126,489 | 4.56 % | | \$ 119,092 | 4.68 % |

(1) Annualized.

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**TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED AVERAGE BALANCE SHEETS, YIELDS AND RATES
(Dollars in thousands)
(Unaudited)**

| | Year Ended December 31, | | | | | |
|---------------|-------------------------|----------|------------------|-----------------|----------|------------------|
| | 2004 | | | 2003 | | |
| | Average Balance | Interest | Yields and Rates | Average Balance | Interest | Yields and Rates |
| ASSETS | | | | | | |
| Investments | \$ 124,833 | \$ 3,455 | 2.77 % | \$ 101,455 | \$ 4,511 | 4.45 % |

| | | | | | | |
|--------------------------------------|----------------------|----------------|-------------|----------------------|----------------|-------------|
| Securities available for sale | 1,536,673 | 80,643 | 5.25 | 1,891,062 | 103,821 | 5.49 |
| Loans held for sale | 331,529 | 11,533 | 3.48 | 488,634 | 20,016 | 4.10 |
| Loans and leases: | | | | | | |
| Consumer | 4,005,558 | 245,439 | 6.13 | 3,288,040 | 214,971 | 6.54 |
| Commercial real estate | 2,008,943 | 110,446 | 5.50 | 1,854,452 | 108,867 | 5.87 |
| Commercial business | 431,793 | 18,569 | 4.30 | 445,634 | 19,020 | 4.27 |
| Leasing and equipment finance | 1,285,925 | 89,364 | 6.95 | 1,094,532 | 81,912 | 7.48 |
| Subtotal | 7,732,219 | 463,818 | 6.00 | 6,682,658 | 424,770 | 6.36 |
| Residential real estate | 1,104,814 | 63,360 | 5.73 | 1,440,688 | 88,401 | 6.14 |
| Total loans and leases | 8,837,033 | 527,178 | 5.97 | 8,123,346 | 513,171 | 6.32 |
| Total interest-earning assets | 10,830,068 | 622,809 | 5.75 | 10,604,497 | 641,519 | 6.05 |
| Other assets | 1,052,679 | | | 1,053,073 | | |
| Total assets | \$ 11,882,747 | | | \$ 11,657,570 | | |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | | | |
|---------------------------------------------------|----------------------|----------------|-------------|----------------------|----------------|-------------|
| Non-interest bearing deposits | \$ 2,355,000 | | | \$ 2,232,883 | | |
| Interest-bearing deposits: | | | | | | |
| Checking | 1,338,893 | 3,820 | .29 | 1,064,380 | 948 | .09 |
| Savings | 1,823,852 | 7,490 | .41 | 1,847,775 | 9,298 | .50 |
| Money market | 763,925 | 2,992 | .39 | 887,273 | 4,447 | .50 |
| Subtotal | 3,926,670 | 14,302 | .36 | 3,799,428 | 14,693 | .39 |
| Certificates of deposit | 1,493,938 | 28,279 | 1.89 | 1,743,533 | 42,102 | 2.41 |
| Total interest-bearing deposits | 5,420,608 | 42,581 | .79 | 5,542,961 | 56,795 | 1.02 |
| Total deposits | 7,775,608 | 42,581 | .55 | 7,775,844 | 56,795 | .73 |
| Borrowings: | | | | | | |
| Short-term borrowings | 809,106 | 12,664 | 1.57 | 757,128 | 9,451 | 1.25 |
| Long-term borrowings | 1,984,069 | 75,673 | 3.81 | 1,778,671 | 94,128 | 5.29 |
| Total borrowings | 2,793,175 | 88,337 | 3.16 | 2,535,799 | 103,579 | 4.08 |
| Total deposits and borrowings | 10,568,783 | 130,918 | 1.24 | 10,311,643 | 160,374 | 1.56 |
| Other liabilities | 370,184 | | | 409,539 | | |
| Total liabilities | 10,938,967 | | | 10,721,182 | | |
| Stockholders' equity | 943,780 | | | 936,388 | | |
| Total liabilities and stockholders' equity | \$ 11,882,747 | | | \$ 11,657,570 | | |
| Net interest income and margin | \$ 491,891 | 4.54 % | | \$ 481,145 | 4.54 % | |

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

| | Three Months Ended | | | | |
|-------------------------------|--------------------|----------------|----------------|----------------|----------------|
| | Dec. 31, 2004 | Sep. 30, 2004 | Jun. 30, 2004 | Mar. 31, 2004 | Dec. 31, 2003 |
| Interest income: | | | | | |
| Loans and leases | \$ 140,469 | \$ 133,295 | \$ 128,141 | \$ 125,273 | \$ 125,042 |
| Securities available for sale | 19,484 | 20,414 | 20,413 | 20,332 | 19,995 |
| Loans held for sale | 2,421 | 2,931 | 3,340 | 2,841 | 3,097 |
| Investments | 1,014 | 773 | 895 | 773 | 785 |
| Total interest income | 163,388 | 157,413 | 152,789 | 149,219 | 148,919 |

| | | | | | |
|-------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Interest expense: | | | | | |
| Deposits | 12,250 | 10,318 | 9,474 | 10,539 | 10,990 |
| Borrowings | 24,649 | 22,605 | 20,896 | 20,187 | 18,837 |
| Total interest expense | 36,899 | 32,923 | 30,370 | 30,726 | 29,827 |
| Net interest income | 126,489 | 124,490 | 122,419 | 118,493 | 119,092 |
| Provision for credit losses | 4,073 | 2,644 | 3,070 | 1,160 | 4,037 |
| Net interest income after provision for credit losses | 122,416 | 121,846 | 119,349 | 117,333 | 115,055 |
| Non-interest income: | | | | | |
| Fees and service charges | 67,536 | 71,353 | 73,116 | 59,659 | 64,486 |
| Card revenue | 17,458 | 16,339 | 16,024 | 13,491 | 12,069 |
| ATM revenue | 10,326 | 11,474 | 11,138 | 9,997 | 10,400 |
| Investments and insurance revenue | 2,609 | 3,057 | 3,430 | 3,462 | 3,037 |
| Subtotal | 97,929 | 102,223 | 103,708 | 86,609 | 89,992 |
| Leasing and equipment finance | 21,047 | 6,864 | 12,245 | 10,167 | 15,372 |
| Mortgage banking | (122) | 4,131 | 5,496 | 3,455 | 6,573 |
| Other | 7,457 | 2,585 | 1,844 | 2,228 | 2,928 |
| Fees and other revenue | 126,311 | 115,803 | 123,293 | 102,459 | 114,865 |
| Gains on sales of securities available for sale | 6,204 | 3,679 | — | 12,717 | — |
| Total non-interest income | 132,515 | 119,482 | 123,293 | 115,176 | 114,865 |
| Non-interest expense: | | | | | |
| Compensation and employee benefits | 86,338 | 78,010 | 79,597 | 78,879 | 76,752 |
| Occupancy and equipment | 25,057 | 23,673 | 23,397 | 23,490 | 22,984 |
| Advertising and promotions | 6,568 | 7,377 | 6,498 | 5,910 | 6,204 |
| Other | 36,433 | 38,866 | 34,414 | 32,427 | 36,304 |
| Total non-interest expense | 154,396 | 147,926 | 143,906 | 140,706 | 142,244 |
| Income before income tax expense | 100,535 | 93,402 | 98,736 | 91,803 | 87,676 |
| Income tax expense | 33,133 | 31,690 | 33,518 | 31,142 | 28,180 |
| Net income | \$ 67,402 | \$ 61,712 | \$ 65,218 | \$ 60,661 | \$ 59,496 |
| Net income per common share: | | | | | |
| Basic | \$.50 | \$.45 | \$.47 | \$.44 | \$.43 |
| Diluted | \$.50 | \$.45 | \$.47 | \$.44 | \$.43 |
| Dividends declared per common share | \$.1875 | \$.1875 | \$.1875 | \$.1875 | \$.1625 |

Financial Ratios:

| | | | | | |
|----------------------------------------------------------------------------|--------|--------|--------|--------|-------|
| Return on average assets ⁽¹⁾ | 2.22 % | 2.06 % | 2.20 % | 2.11 % | 2.13% |
| Return on average common equity ⁽¹⁾ | 28.35 | 25.96 | 27.68 | 25.90 | 26.18 |
| Net interest margin ⁽¹⁾ | 4.56 | 4.56 | 4.53 | 4.52 | 4.68 |
| Net charge-offs as a percentage of average loans and leases ⁽¹⁾ | .14 | .17 | .10 | .02 | .30 |
| Average total equity to average assets | 7.81 | 7.94 | 7.95 | 8.13 | 8.13 |

(1) Annualized.

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TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEETS AND SUPPLEMENTAL INFORMATION
(In thousands)
(Unaudited)

| | Dec. 31, 2004 | Sept. 30, 2004 | Jun. 30, 2004 | Mar. 31, 2004 | Dec. 31, 2003 |
|-------------------------------|------------------|-------------------|------------------|------------------|------------------|
| ASSETS | | | | | |
| Cash and due from banks | \$ 350,497 | \$ 351,383 | \$ 347,551 | \$ 326,731 | \$ 339,531 |
| Investments | 105,603 | 94,910 | 157,591 | 141,770 | 75,397 |
| Securities available for sale | 1,534,776 | 1,545,768 | 1,546,694 | 1,519,374 | 1,505,379 |
| Loans held for sale | 254,617 | 327,953 | 385,193 | 359,238 | 359,650 |

| | | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Loans and leases: | | | | | |
| Consumer | 4,308,053 | 4,099,569 | 3,904,194 | 3,706,061 | 3,529,177 |
| Commercial real estate | 2,094,012 | 2,012,790 | 1,985,498 | 1,942,494 | 1,875,215 |
| Commercial business | 430,658 | 440,010 | 428,602 | 427,824 | 424,310 |
| Leasing and equipment finance | 1,341,985 | 1,320,495 | 1,285,989 | 1,194,235 | 1,152,753 |
| Subtotal | 8,174,708 | 7,872,864 | 7,604,283 | 7,270,614 | 6,981,455 |
| Residential real estate | 1,027,302 | 1,076,619 | 1,123,062 | 1,193,435 | 1,256,847 |
| Total loans and leases | 9,202,010 | 8,949,483 | 8,727,345 | 8,464,049 | 8,238,302 |
| Allowance for loan and lease losses | (79,502) | (80,077) | (79,169) | (77,655) | (78,655) |
| Net loans and leases | 9,122,508 | 8,869,406 | 8,648,176 | 8,386,394 | 8,159,647 |
| Premises and equipment | 322,492 | 313,068 | 297,492 | 287,322 | 276,541 |
| Goodwill | 152,599 | 152,599 | 152,599 | 146,678 | 145,462 |
| Deposit base intangibles | 4,448 | 4,865 | 5,280 | 5,695 | 6,111 |
| Mortgage servicing rights | 49,746 | 51,380 | 50,876 | 51,432 | 49,955 |
| Other assets | 272,050 | 264,226 | 264,826 | 301,010 | 263,879 |
| | <u>\$ 12,169,336</u> | <u>\$ 11,975,558</u> | <u>\$ 11,856,278</u> | <u>\$ 11,525,644</u> | <u>\$ 11,181,552</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:

| | | | | | |
|----------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Checking | \$ 3,741,608 | \$ 3,657,340 | \$ 3,596,808 | \$ 3,329,383 | \$ 3,194,672 |
| Savings | 1,911,846 | 1,925,674 | 1,982,818 | 1,923,295 | 1,931,827 |
| Money market | 685,885 | 738,769 | 799,485 | 832,695 | 866,408 |
| Subtotal | 6,339,339 | 6,321,783 | 6,379,111 | 6,085,373 | 5,992,907 |
| Certificates of deposit | 1,469,735 | 1,458,905 | 1,467,654 | 1,580,107 | 1,607,495 |
| Total deposits | 7,809,074 | 7,780,688 | 7,846,765 | 7,665,480 | 7,600,402 |
| Short-term borrowings | 1,003,746 | 824,955 | 669,938 | 735,475 | 941,460 |
| Long-term borrowings | 2,045,505 | 2,059,525 | 2,017,232 | 1,812,508 | 1,358,496 |
| Total borrowings | 3,049,251 | 2,884,480 | 2,687,170 | 2,547,983 | 2,299,956 |
| Accrued expenses and other liabilities | 360,004 | 359,488 | 379,965 | 375,192 | 372,034 |
| Total liabilities | 11,218,329 | 11,024,656 | 10,913,900 | 10,588,655 | 10,272,392 |

Stockholders' equity:

| | | | | | |
|-----------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Common stock | 1,850 | 1,206 | 925 | 925 | 925 |
| Additional paid-in capital | 518,012 | 517,020 | 516,990 | 517,203 | 517,657 |
| Retained earnings | 1,360,169 | 1,318,461 | 1,282,080 | 1,243,968 | 1,209,630 |
| Accumulated other comprehensive income (loss) | (527) | (2,781) | (11,666) | 11,784 | 4,332 |
| Treasury stock at cost and other | (928,497) | (883,004) | (845,951) | (836,891) | (823,384) |
| | <u>951,007</u> | <u>950,902</u> | <u>942,378</u> | <u>936,989</u> | <u>909,160</u> |
| | <u>\$ 12,169,336</u> | <u>\$ 11,975,558</u> | <u>\$ 11,856,278</u> | <u>\$ 11,525,644</u> | <u>\$ 11,181,552</u> |

Supplemental Information:

| | | | | | |
|-----------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Residential real estate loans | \$ 1,027,302 | \$ 1,076,619 | \$ 1,123,062 | \$ 1,193,435 | \$ 1,256,847 |
| Securities available for sale | 1,534,776 | 1,545,768 | 1,546,694 | 1,519,374 | 1,505,379 |
| Total residential real estate loans and securities available for sale | <u>\$ 2,562,078</u> | <u>\$ 2,622,387</u> | <u>\$ 2,669,756</u> | <u>\$ 2,712,809</u> | <u>\$ 2,762,226</u> |

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[\(Back To Top\)](#)