Section 1: 10-K (10-K)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2004

or

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

Commission File No. 001-10253

TCF FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**41-1591444**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Lake Street East, Mail Code EX0-03-A, Wayzata, Minnesota 55391-1693
(Address and Zip Code of principal executive offices)

Registrant's telephone number, including area code: **612-661-6500**

Securities registered pursuant to Section 12(b) of the Act (all registered on the New York Stock Exchange):

Common Stock (par value $.01 per share)
Preferred Share Purchase Rights
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒   No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

As of January 31, 2005 the aggregate market value of the voting stock held by nonaffiliates of the registrant, computed by reference to the average of the high and low prices on such date as reported by the New York Stock Exchange, was $3,288,734,727.

As of January 31, 2005, there were outstanding 136,486,506 shares of the registrant's common stock, par value $.01 per share, its only outstanding class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Specific portions of the registrant's annual report to shareholders for the year ended December 31, 2004 are incorporated by reference into Parts I, II and IV hereof.

Specific portions of the registrant's definitive proxy statement dated March 16, 2005 are incorporated by reference into Part III hereof.

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PART I

ITEM 1. BUSINESS

GENERAL

TCF Financial Corporation ("TCF" or the "Company"), a Delaware corporation based in Wayzata, Minnesota, is the holding company of TCF National Bank which operates in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. At December 31, 2004, TCF had total assets of $12.3 billion and was the 44th largest publicly traded bank holding company in the United States based on total assets as of September 30, 2004. Unless otherwise indicated, references herein to "TCF" include its direct and indirect subsidiaries. References herein to the "Holding Company" or "TCF Financial" refer to TCF Financial Corporation on an unconsolidated basis. Where information is incorporated in this report by reference to TCF's 2004 Annual Report, only those portions specifically identified are so incorporated.

TCF's products include commercial, small business, consumer and residential mortgage loans and deposit products, leasing and equipment finance, securities brokerage and investment and insurance services. TCF's primary focus is on the delivery of retail and commercial banking products in markets served by TCF National Bank. Some of its products, such as its commercial equipment loans and leases, are offered in markets outside areas served by TCF National Bank. See "Overview" on page 18 of TCF's 2004 Annual Report, incorporated herein by reference, for additional information concerning TCF's business and strategies.

TCF has significantly expanded its retail banking franchise in recent periods and had 430 retail banking branches at December 31, 2004. This expansion includes TCF's January 1998 acquisition of 76 branches and 178 automated teller machines ("ATMs") in Jewel-Osco stores in the Chicago, Illinois area. During 2004, TCF opened 30 new branches, consisting of 19 new traditional bank branches and 11 new supermarket bank branches. TCF anticipates opening 29 new branches, consisting of 22 new traditional branches, five new supermarket branches and two campus branches, during 2005. The success of TCF's branch expansion is dependent on the continued long-term success of branch banking. Success in the supermarket branches is also dependent on the success and viability of the supermarket branch locations. Economic slowdown, financial or labor difficulties in the supermarket industry may reduce customer activity and therefore reduce activity in TCF's supermarket branches.

Non-interest income is a significant source of revenue for TCF and an important factor in TCF's results of operations. A key driver of non-interest income growth is growth in checking accounts. In addition to low or non-interest-bearing deposit balances, these accounts generate significant fee revenue for TCF. Fee revenue per retail checking account was $232 for 2004, up from $227 in 2003. Providing a wide range of retail banking services is an integral component of TCF's business philosophy and a major strategy for generating additional non-interest income. See "Management's Discussion and Analysis — Consolidated Income Statement Analysis – Non-Interest Income" on pages 26 through 30 and "Management's Discussion and Analysis — Forward-Looking Information" on page 47 of TCF's 2004 Annual Report, incorporated herein by reference, for additional information.

At December 31, 2004, TCF operated 101 bank branches in Minnesota, 197 in Illinois, 34 in Wisconsin, 60 in Michigan, 32 in Colorado and six in Indiana. TCF strives to develop innovative banking products and services. Of TCF's 430 bank branches, 248 were supermarket bank branches at December 31, 2004. Supermarket bank branches provide TCF with additional locations for the sale of its consumer products and services, including deposits and loans, at a relatively low entry cost. TCF's "Totally Free"SM checking accounts and other deposit products provide it with a significant source of low-interest cost funds and fee income. During 2000, TCF introduced TCFExpress.com, its online banking service for customers. In 2001, TCF expanded online banking services by offering "Totally Free Online" services through TCFExpress.com. In 2003, TCF introduced "TCF Check Cashing" a convenient, economical, and full service check cashing service for non-bank customers. In addition to providing a valuable customer service, the product also gives TCF an opportunity to introduce these customers to its checking account products. In 2004, TCF created the "TCF Miles PlusSM Card", a free non-revolving credit card that is attached to a checking account. This free card offers points that may be redeemed for airline travel on virtually any airline, anytime, anywhere with the option to use points to purchase merchandise from a leading internet retailer. At December 31, 2004, TCF had 1,141 machines in its ATM network generally located in areas served by TCF National Bank and, also offers its customers an automated telephone banking system.

Federal legislation imposes numerous legal and regulatory requirements on financial institutions. Among the most significant of these requirements are minimum regulatory capital levels. TCF and TCF National Bank exceed all current minimum regulatory capital requirements and are considered "well-capitalized" under guidelines established by the Federal Reserve Board ("FRB") and the Office of the Comptroller of the Currency ("OCC"). See "REGULATION."

As a federally chartered national bank, TCF National Bank is subject to regulation and examination by the OCC and, in certain cases, by the Federal Deposit Insurance Corporation ("FDIC"). TCF National Bank's deposits are insured to $100,000 by the FDIC and, as such, is subject to regulations promulgated by the FDIC. TCF National Bank is a member of the Federal Home Loan Bank ("FHLB") of Des Moines, and is also a member bank within its Federal Reserve district. TCF Financial is a financial holding company and is subject to regulation and examination by the FRB. See "SOURCES OF FUNDS – Borrowings" and "REGULATION — Regulation of TCF Financial and Affiliate and Insider Transactions."

LENDING ACTIVITIES

General

TCF's lending activities reflect its community banking philosophy, emphasizing loans to individuals and businesses in its primary market areas in Minnesota, Illinois, Wisconsin, Michigan and Colorado. Because of the concentration of loans and leases in these states, adverse economic conditions in these states could result in higher rates of loan and lease losses and delinquencies than if TCF's lending operations were more geographically diversified. TCF is also engaged in leasing and equipment finance activities and has a substantial consumer lending operation.

See "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Loans and Leases" on pages 32 through 36 and Note 6 of Notes to Consolidated Financial Statements on pages 57 and 58 of TCF's 2004 Annual Report, incorporated herein by reference, for additional information regarding TCF's loan and lease portfolios.

Consumer Lending

TCF makes consumer loans for personal, family or household purposes, such as debt consolidation or the financing of home improvements, automobiles, vacations and education. Consumer loans totaled $4.4 billion at December 31, 2004, with $1.7 billion, or 38%, having fixed interest rates and $2.7 billion, or 62%, having variable interest rates tied to the prime rate.

TCF's consumer lending activities include primarily home equity real estate secured loans as well as loans secured by personal property. To a limited extent, TCF may also make unsecured personal loans. Each of these loan types can be made on a revolving credit or fixed term basis. Consumer loan customers generally have higher debt-to-income ratios, and therefore, these loans pose a higher risk of loss than residential mortgage loans. Unlike conventional first mortgage loans, consumer home equity loans also tend to have a higher loan-to-value ratio and do not carry private mortgage insurance. Consumer loans having floating interest rates also present a credit risk as a result of increased costs to borrowers in the event of a rise in interest rates. Consumer loans secured by real estate may present additional credit risk in the event of a decline in the value of real estate collateral. Higher loan-to-value ratio consumer loans may carry a higher level of credit risk than loans with a lower loan-to-value ratio. Many of these loans are secured by a first lien on the home and include an advance to pay off an existing first lien mortgage loan. A decline in home values may have an adverse impact on TCF's results by increasing credit risk and the risk of potential loss. For additional information on consumer lending, see "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Loans and Leases" on pages 32 through 36 of TCF's 2004 Annual Report, incorporated herein by reference.

TCF originates education loans for resale. TCF had $154.3 million of education loans held for sale at December 31, 2004, compared with $234.3 million at December 31, 2003. TCF generally retains the education loans it originates until they are fully disbursed. Under an agreement with the Student Loan Marketing Association ("SLMA"), TCF can sell the education loans to SLMA once they are fully disbursed, but must sell the education loans to SLMA before they go into repayment status. These loans are originated in accordance with designated guarantor and U.S. Department of Education guidelines and do not involve any independent credit underwriting by TCF. TCF's future education loan origination activity will be dependent on continued support of guaranteed student loan programs by the U.S. Government and TCF's ability to continue to sell such loans to SLMA or other parties. Federal legislation has limited the role of private lenders in originating education loans and has reduced the profitability of this activity, and future legislation could further reduce the profitability or volume of TCF's education loan originations.

Commercial Real Estate Lending

TCF originates loans secured by commercial real estate including, to a lesser extent, commercial real estate construction loans, generally to borrowers based in its primary markets. At December 31, 2004, variable and adjustable-rate loans represented 83.2% of commercial real estate loans outstanding. See "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Loans and Leases" on pages 32 through 36 of TCF's 2004 Annual Report,

incorporated herein by reference, for additional information regarding the types of properties securing TCF's commercial real estate loans.

At December 31, 2004, TCF's commercial construction and development loan portfolio totaled $196.7 million. Construction and permanent commercial real estate lending is generally considered to involve a higher level of risk than single-family residential lending due to the concentration of principal in a limited number of loans and borrowers. In addition, the nature of these loans is such that they can be less predictable and more difficult to evaluate and monitor.

Commercial Business Lending

TCF originates commercial business loans in order to increase its short-term, variable-rate asset base and to contribute to its profitability through the higher rates earned on these loans and the marketing of other bank products. Commercial business loans may be secured by various types of business assets, including commercial real estate, and in some cases may be made on an unsecured basis. TCF is seeking to expand its commercial business lending activity. TCF's commercial business lending activities encompass loans with a broad variety of purposes, including working capital loans and loans to finance the purchase of equipment or other acquisitions. As part of its commercial business and commercial real estate lending activities, TCF also issues standby letters of credit. At December 31, 2004, TCF had 149 such standby letters of credit outstanding in the aggregate amount of $45.2 million.

Although commercial business lending can pose the same increased risks posed by commercial real estate lending activity, TCF concentrates on originating commercial business loans primarily to middle-market companies based in its primary markets with borrowing requirements of less than $15 million. Substantially all of TCF's commercial business loans outstanding at December 31, 2004 were to borrowers based in its primary markets.

Leasing and Equipment Finance

TCF provides a broad range of comprehensive lease and equipment finance products addressing the financing needs of diverse types of small to large companies. At December 31, 2004, TCF's leasing and equipment finance portfolio totaled $1.4 billion, including $334.4 million of loans and $1.1 billion of leases. TCF's leasing and equipment finance businesses, Winthrop Resources Corporation ("Winthrop") and TCF Leasing, Inc. ("TCF Leasing"), operate in all 50 states. Winthrop primarily leases technology and data processing equipment to companies nationwide. Technology spending has slowed during the past few years due to a variety of issues, including general economic uncertainty. In addition, the low interest rate environment and temporary tax law changes have led many companies to consider the viability of purchasing technology versus Winthrop's value-added lease alternative. These factors have contributed to reduced levels of new lease originations at Winthrop. TCF continues to focus attention on increasing sales efforts at Winthrop to increase overall portfolio balances. In 1999, TCF expanded its leasing operations with the launch of TCF Leasing, Inc. ("TCF Leasing"), a de novo leasing and equipment finance business. In March 2004, TCF Leasing acquired VGM Financial Services ("VGM"), a company specializing in home medical equipment financing.

TCF funds most of its leases internally, and consequently retains the credit risk on such leases. TCF also may arrange permanent financing of certain leases through non-recourse discounting of lease rentals with various other financial institutions at fixed interest rates. At December 31, 2004, $48.5 million, or 4.4%, of TCF's lease portfolio was discounted on a non-recourse basis with other financial institutions, compared with $66.4 million, or 7.4%, at December 31, 2003. Discounted proceeds from assignment of lease rentals are equal to the present value of the remaining lease payments due under the lease, at an interest rate charged by the other financial institutions. Interest rates for this type of financing are negotiated on a transaction-by-transaction basis and reflect the financial strength of the lease customer, the terms of the lease and the prevailing interest rates. For a lease discounted on a non-recourse basis, the other financial institution has no recourse against TCF unless TCF is in default under the terms of the agreement under which the lease and the leased equipment are assigned to the other financial institution as collateral. The other financial institution may, however, take title to the collateral in the event the customer fails to make lease payments or if certain other defaults by the lease customer occur under the terms of the lease. For additional information on leasing and equipment finance, see "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Loans and Leases" on pages 32 through 36 of TCF's 2004 Annual Report, incorporated herein by reference.

Included in the investment in leveraged leases, at December 31, 2004 is a 100% equity interest in a Boeing 767-300 aircraft leased to Delta Airlines, Inc. ("Delta"). The investment in leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of the leased assets less related unearned income. TCF has no obligation for principal and interest on the notes representing the third-party participation related to this leveraged lease. However, these noteholders have a security interest in the aircraft which is superior to TCF's equity interest. Such notes, which totaled $19.2 million at December 31, 2004, down from $22.6 million at December 31, 2003, are recorded as an offset against the

related rental receivable. In January 2005, these notes were further reduced to $15.6 million after Delta made its scheduled payment. During the second quarter of 2004, TCF completed its annual review of the lease residual value assumption for this aircraft and reduced the estimated residual value by $4.4 million. As required under Statement of Financial Accounting Standards ("SFAS") No. 13, "Accounting for Leases," TCF recognized an impairment charge of $1.6 million which was recorded in other non-interest expense. The remaining reduction will be amortized through reduced yield on the investment over the remaining years of the lease. In 2004, TCF downgraded its credit rating on the aircraft leveraged lease, classified its investment as substandard and placed the lease on non-accrual status. Although Delta is current on its payments related to this transaction, if Delta declares bankruptcy, it would likely result in the charge-off of TCF's $18.8 million investment in the leveraged lease and the current payment of previously deferred income tax obligations. This lease represents TCF's only material direct exposure to the commercial airline industry. Reduced airline travel, higher oil prices, changes in airline fare structures and other factors have adversely impacted the airline industry and could have an adverse impact on Delta's ability to meet its lease obligations and on the residual value of the aircraft.

TCF's leasing and equipment finance businesses invest in limited partnerships that are formed to operate or invest in qualified affordable housing projects. Leasing and equipment finance had $49 million and $41.8 million invested in affordable housing limited partnerships at December 31, 2004 and 2003, respectively. Leasing and equipment finance invests in these partnerships for tax credits and tax losses that are guaranteed by a AAA-rated company. For more information on investments in affordable housing limited partnerships, see Note 1 of the Notes to Consolidated Financial Statements on pages 53 through 56 of TCF's 2004 Annual Report, incorporated herein by reference.

Residential Mortgage Lending

TCF's residential mortgage loan originations (first mortgage loans for financing one- to four-family homes) are predominantly secured by properties in Minnesota, Illinois, Wisconsin, Michigan and Colorado. TCF engaged in both fixed-rate and adjustable-rate residential mortgage lending. Adjustable-rate residential mortgage loans held in TCF's portfolio totaled $226.9 million, or 22.4%, of residential loans at December 31, 2004, compared with $312.4 million, or 25.8%, of residential loans at December 31, 2003.

During the third quarter of 2004, TCF announced a restructuring of its mortgage banking business and ceased wholesale originations. The retail origination function was downsized and integrated with TCF's consumer lending business in the fourth quarter of 2004. TCF's mortgage banking business no longer originates any new loans. TCF continues to service the remaining portfolio of mortgage loans for third party investors. TCF may also from time to time purchase or sell servicing rights on residential mortgage loans. In 2004, TCF sold $125.1 million of servicing rights and recorded a gain of $706 thousand. No bulk servicing purchases or sales occurred in 2003 or 2002. At December 31, 2004, 2003 and 2002, TCF serviced residential mortgage loans for others totaling $4.5 billion, $5.1 billion and $5.6 billion, respectively.

Adjustable-rate residential mortgage loans retained by TCF have various adjustment periods and generally provide for limitations on the amount the rate may adjust on each adjustment date, as well as the total amount of adjustments over the lives of the loans. Accordingly, while this portfolio of loans is interest rate sensitive, it may not be as interest rate sensitive as TCF's cost of funds. In addition to such interest rate risk, TCF faces credit risks resulting from potential increased costs to borrowers as a result of rate adjustments on adjustable-rate loans in its portfolio. Such adjustments depend upon the magnitude and frequency of shifts in market interest rates, and some adjustable-rate residential real estate loans originated by TCF in prior periods do not provide for limitations on rate adjustments. Credit risk may also result from declines in the value of underlying real estate collateral. See discussion below under "— Classified Assets, Loan and Lease Delinquencies and Defaults."

Classified Assets, Loan and Lease Delinquencies and Defaults

TCF has established a classification system for individual commercial loans, leases or other assets based on OCC regulations under which all or part of a loan or other asset may be classified as "special mention," "substandard," "doubtful," or "loss." It has also established overall ratings for various credit portfolios. A loan, lease or other asset is placed in the substandard category when it is considered to have a well-defined weakness. A loan, lease or other asset is placed in the doubtful category when some loss is likely to occur. All or a portion of a loan, lease or other asset is classified as loss when it is considered uncollectible, in which case it is charged off. A loan, lease or other asset for which some possible exposure to credit loss is perceived is classified as special mention. Loans, leases and other assets that are classified are subject to periodic review of the appropriateness of their ratings and regulatory classifications.

The allowance for loan and lease losses involves estimates and management's judgment regarding a number of factors such as net charge-offs, delinquencies in the loan and lease portfolio and general economic conditions. The Company

considers the allowance for loan and lease losses adequate to cover losses inherent in the loan and lease portfolios. However, no assurance can be given that TCF will not, in any particular period, sustain loan and lease losses that are sizeable in relation to the amount reserved, or that subsequent evaluations of the loan and lease portfolio, in light of factors then prevailing, including economic conditions and TCF's on-going credit review process, will not require significant increases in the allowance for loan and lease losses. Expansion of the Company's consumer lending and other lending and leasing operations creates increased exposure to increases in delinquencies, repossessions, foreclosures and losses that generally occur during economic downturns or recessions, or that may result from decreased profits affecting particular industry segments.

Adverse economic developments are also likely to adversely affect commercial lending and leasing operations and increase the risk of loan defaults and credit losses on such loans and leases. Carrying values of foreclosed commercial real estate properties are generally based on appraisals prepared by certified or licensed appraisers. Although TCF conducts a review of external commercial real estate appraisals it receives, weaknesses in real estate markets may result in declines in property values and the sale of properties at less than previously estimated values, resulting in additional charge-offs. TCF recognizes the effect of such events in the periods in which they occur.

Additional information concerning TCF's allowance for loan and lease losses is set forth in "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Allowance for Loan and Lease Losses" on pages 36 through 38, in Note 1 of Notes to Consolidated Financial Statements on pages 53 through 56 and in Note 7 of Notes to Consolidated Financial Statements on page 59 of TCF's 2004 Annual Report, incorporated herein by reference. Additional information regarding non-accrual loans and leases, accruing loans and leases 90 days or more past due and potential problem loans is set forth in "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Non-Performing Assets" on pages 38 and 39, "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Past Due Loans and Leases" on page 39 and "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Potential Problem Loans and Leases" on page 40 of TCF's 2004 Annual Report, incorporated herein by reference.

INVESTMENT ACTIVITIES

TCF National Bank has authority to invest in various types of liquid assets, including United States Treasury obligations and securities of various federal agencies and U.S. Government sponsored enterprises, deposits of insured banks, bankers' acceptances and federal funds. Liquidity may increase or decrease depending upon the availability of funds and comparative yields on investments in relation to the returns on loans and leases. TCF National Bank must also meet reserve requirements of the FRB, which are imposed based on amounts on deposit in various deposit categories.

Information regarding the carrying values and fair values of TCF's investments and securities available for sale is set forth in Notes 3 and 4 of Notes to Consolidated Financial Statements on pages 56 and 57 of TCF's 2004 Annual Report, incorporated herein by reference.

SOURCES OF FUNDS

Deposits

Deposits are the primary source of TCF's funds for use in lending and for other general business purposes. Deposit inflows and outflows are significantly influenced by economic and competitive conditions, interest rates, money market conditions and other factors. Consumer, small business and commercial deposits are attracted principally from within TCF's primary market areas through the offering of a broad selection of deposit instruments including consumer, small business and commercial demand deposit accounts, interest-bearing checking accounts, money market accounts, regular savings accounts, certificates of deposit and retirement savings plans. Since deposits are concentrated in Minnesota, Illinois, Wisconsin, Michigan and Colorado, adverse economic conditions within these states could result in greater difficulty in attracting deposit account customers and balances.

TCF's marketing strategy emphasizes attracting core deposits held in checking, savings, money market and certificate of deposit accounts. These accounts are a source of low-interest cost funds and provide significant fee income. The composition of TCF's deposits has a significant impact on the overall cost of funds. Checking, savings and money market accounts comprised 81.6% of total deposits at December 31, 2004. There were over 2.1 million retail checking, savings and money market accounts at December 31, 2004, compared with approximately 2 million and 1.9 million such accounts at December 31, 2003 and 2002, respectively.

Information concerning TCF's deposits is set forth in "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Deposits" on page 41 and in Note 11 of Notes to Consolidated Financial Statements on pages 61 and 62 of TCF's 2004 Annual Report, incorporated herein by reference.

Borrowings

Borrowings may be used to compensate for reductions in normal sources of funds, such as deposit inflows at less than projected levels or net deposit outflows, or to support expanded activities. These borrowings include FHLB advances, repurchase agreements, subordinated bank notes and other borrowings.

The FHLB System functions as a central reserve bank providing credit for financial institutions through a regional bank located within a particular financial institution's assigned region. TCF National Bank is a member of the FHLB system, is required to own a minimum level of FHLB capital stock and is authorized to apply for advances on the security of such stock, mortgage-backed securities, loans secured by real estate and other assets (principally securities which are obligations of, or guaranteed by, the United States Government), provided certain standards related to creditworthiness have been met. TCF's FHLB advances totaled $1.6 billion at December 31, 2004, compared with $870.5 million at December 31, 2003. FHLB advances are made pursuant to several different credit programs. Each credit program has its own interest rates and range of maturities. The FHLB prescribes the acceptable uses to which the advances pursuant to each program may be made as well as limitations on the size of advances. Acceptable uses prescribed by the FHLB include meeting short-term liquidity needs. In addition to the program limitations, the amounts of advances for which an institution may be eligible are generally based on the FHLB's assessment of the institution's creditworthiness.

As an additional source of funds, TCF may sell securities subject to its obligation to repurchase these securities under repurchase agreements with major investment banks or the FHLB utilizing government securities or mortgage-backed securities as collateral. Repurchase agreements totaled $1.2 billion at December 31, 2004, unchanged from December 31, 2003. Generally, securities with a value in excess of the amount borrowed are required to be deposited as collateral with the counterparty to a repurchase agreement. The creditworthiness of the counterparty is important in establishing that the overcollateralized amount of securities delivered by TCF is protected and TCF enters into repurchase agreements only with institutions with a satisfactory credit history.

The use of repurchase agreements may expose TCF to certain risks not associated with other sources of funds, including possible requirements to provide additional collateral and the possibility that such agreements may not be renewed. If TCF were no longer able to obtain repurchase agreement financing, it would be necessary to obtain alternative sources of short-term funds. Such alternative sources of funds, if available, may be higher-cost substitutes for the repurchase agreement funds.

During the second quarter of 2004, TCF National Bank ("TCF Bank"), a wholly-owned subsidiary of TCF, issued $75 million of subordinated notes due in 2014. These notes qualify as Tier 2 or supplemental capital for regulatory purposes, subject to certain limitations. TCF Bank paid the proceeds from the offering to TCF to be used for general corporate purposes, which may include repurchases in the open market of TCF common stock.

Information concerning TCF's FHLB advances, repurchase agreements, subordinated bank notes and other borrowings is set forth in "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Borrowings" on page 42 and in Notes 12 and 13 of Notes to Consolidated Financial Statements on pages 62 through 64 of TCF's 2004 Annual Report, incorporated herein by reference.

BUSINESS RISKS

Like all financial companies, TCF's business and results of operations are subject to a number of risks, many of which are outside of TCF's control. In addition to the other information in this report, readers should carefully consider that the following important factors, among others, could materially impact TCF's business and future results of operations.

Changes in interest rates could negatively impact TCF's financial condition and results of operations.

TCF's results of operations depend substantially on net interest income, which results from the difference between interest earned on interest-earning assets, such as investments, loans, and leases, and interest paid on interest-bearing liabilities, such as deposits and borrowings. Interest rates are highly sensitive to many factors, including Federal Reserve monetary policies and domestic and international economic and political conditions. Conditions such as inflation, recession, unemployment, money supply, government borrowing and other factors beyond management's control may also affect interest rates. If TCF's interest-earning assets mature, reprice or prepay more quickly than interest-bearing liabilities in a

given period, a decrease in market interest rates could adversely affect net interest income. Likewise, if interest-bearing liabilities mature or reprice, or, in the case of deposits, are withdrawn by the accountholder, more quickly than interest-earning assets in a given period, an increase in market interest rates could adversely affect net interest income.

TCF's consumer and commercial loans tied to a floating interest rate (prime or LIBOR) have increased $669 million in 2004. This is primarily due to TCF meeting customer demand by offering variable-rate loans. TCF also provides fixed- and adjustable-rate commercial and consumer loans, which increased by $320 million in 2004. Fixed-rate loans increase TCF's exposure to interest rate risk in a rising rate environment because interest-bearing liabilities would be subject to repricing before assets become subject to repricing. Floating-rate loans decrease the risks to a lender associated with changes in interest rates but involve other risks. As interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, and the increased payment increases the potential for default. At the same time, for secured loans, the marketability of the underlying collateral may be adversely affected by higher interest rates. In a declining interest rate environment, there is likely to be an increase in prepayment activity on loans as the borrowers refinance their loans at lower interest rates. Under these circumstances, TCF's results of operations could be negatively impacted.

TCF's one-year adjusted interest rate gap was a positive $585.3 million, or 4.7%, of total assets at December 31, 2004, compared with a positive $161.3 million, or 1%, of total assets at December 31, 2003. A positive interest rate gap position exists when the amount of interest-earning assets maturing or repricing, including assumed prepayments, within a particular time period exceeds the amount of interest-bearing liabilities maturing or repricing. TCF has managed the change in interest rates by taking certain steps to reposition the balance sheet for a rising short-term interest rate environment, but there can be no assurance that short-term interest rates will indeed rise. If interest rates remain at current levels or decrease, the net interest margin may compress and net interest income may decline.

Changes in interest rates also can affect the value of loans and other interest-rate sensitive assets, including retained interests in mortgage servicing rights, and TCF's ability to realize gains on the sale of assets. This type of income can vary significantly from quarter-to-quarter and year-to-year based on a number of different factors, including the interest rate environment. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in non-performing assets and increased loan loss reserve requirements which could have a material adverse effect on TCF's results of operations.

Although fluctuations in market interest rates are neither completely predictable nor controllable, TCF's Asset/ Liability Committee regularly monitors TCF's interest rate risk position and oversees its financial risk management by establishing policies and operating limits.

Changes in interest rates or prepayment speeds could negatively impact TCF's residential mortgage servicing portfolio and related mortgage servicing rights.

The capitalization, amortization and impairment of mortgage servicing rights are subject to significant estimates. These estimates are based upon loan types, note rates and prepayment speed assumptions. Changes in interest rates or prepayment speeds may have a material effect on the net carrying value of mortgage servicing rights. In a declining interest rate environment, prepayment speed assumptions will increase and result in an acceleration in the amortization of the mortgage servicing rights as the assumed underlying portfolio declines and also may result in impairment as the value of the mortgage servicing rights declines. During 2004, TCF experienced a decline in refinance activity, driven by an increase in mortgage interest rates. At December 31, 2004, TCF's capitalized mortgage servicing rights, net of valuation allowance, totaled $46.4 million with an estimated fair value of $55.9 million. In 2004, TCF recorded amortization and provision for impairment of mortgage servicing rights of $13.1 million and $1.5 million, respectively.

Declines in home values in TCF's markets could adversely impact results from operations.

Like all banks, TCF is subject to the effects of any economic downturn, and in particular, a significant decline in home values in TCF's markets could have a negative effect on results of operations. At December 31, 2004, TCF had $4.4 billion of consumer home equity loans with a weighted average loan-to-value ratio for the portfolio of 75%. In addition, at December 31, 2004, TCF had $1 billion in residential real estate loans with a weighted average loan-to-value ratio of 53%. A significant decline in home values would likely lead to increased delinquencies and defaults in both the consumer home equity loan and residential real estate loan portfolios and result in increased losses in these portfolios.

TCF's leasing and equipment finance activities.

TCF's leasing activity is subject to risk of cyclical downturns and other adverse economic developments. TCF's ability to increase its lease portfolio is dependent upon its ability to place new equipment in service. In an adverse economic environment, there may be a decline in the demand for some types of equipment which TCF leases, resulting in a decline in the amount of new equipment being placed in service as well as the decline in equipment values for equipment previously placed in service. In addition, the majority of TCF's leasing and equipment finance portfolio has been originated during recent years, and consequently the performance of this portfolio may not be reflective of future results and credit quality. A portion of TCF's equipment leasing portfolio consists of titled motor vehicles. Like all lessors of motor vehicles, TCF is exposed to certain state statutes which impose vicarious liability on owners of motor vehicles for accidents related to those vehicles. TCF attempts to mitigate this risk by requiring its lessees to furnish proof of underlying motor vehicle liability insurance prior to commencement of the lease and throughout the term of the lease and through its own insurance coverages.

As previously discussed in the "Leasing and Equipment Finance" section of "Lending Activities," the investment in leveraged leases at December 31, 2004 consists of a 100% equity interest in a Boeing 767-300 aircraft leased to Delta Airlines. The investment in leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of the leased assets less related unearned income. TCF has no obligation for principal and interest on the notes representing the non-recourse debt related to this leveraged lease. However, these noteholders have a security interest in the aircraft which is superior to TCF's equity interest. Such notes, which totaled $19.2 million at December 31, 2004, down from $22.6 million at December 31, 2003, are recorded as an offset against the related rental receivable. In January 2005, these notes were further reduced to $15.6 million after Delta made its scheduled payment. During the second quarter of 2004, TCF completed its annual review of the lease residual value assumption for this aircraft and reduced the estimated residual value by $4.4 million. As required under Statement of Financial Accounting Standards ("SFAS") No. 13, "Accounting for Leases," TCF recognized an impairment charge of $1.6 million which was recorded in other non-interest expense. The remaining reduction will be amortized through reduced yield on the investment over the remaining years of the lease as prescribed by SFAS No. 13. In 2004, TCF downgraded its credit rating on the aircraft leveraged lease and classified its investment as substandard and placed the lease on non-accrual status. Although Delta is current on its payments related to this transaction, if Delta declares bankruptcy, it would likely result in the charge-off of TCF's $18.8 million investment in the leveraged lease and the current payment of previously deferred income tax obligations. This lease represents TCF's only material direct exposure to the commercial airline industry. Reduced airline travel, higher oil prices, changes in airline fare structures, and other factors have adversely impacted the airline industry and could have an adverse impact on Delta's ability to meet its lease obligations and on the residual value of the aircraft.

The success of TCF's branch expansion is dependent on the continued long-term success of branch banking and the continued success and viability of TCF's supermarket partners.

Beginning in 1998, TCF has significantly expanded its retail banking franchise and had 430 retail branches at December 31, 2004. Since January 1, 1998, TCF has opened 258 new branches, of which 197 were supermarket locations. At December 31, 2004, TCF had 248 supermarket branches, representing 57.7% of all retail branches. Supermarket banking continues to play an important role in TCF's growth, as these branches have been consistent generators of account growth in both deposits and lending products. The success of TCF's branch expansion is dependent on the continued long-term success of branch banking as well as the continued success and viability of TCF's supermarket partners and TCF's ability to maintain licenses or lease agreements for its supermarket locations. TCF is subject to the risk, among others, that its license or lease for a location or locations will terminate upon the sale or closure of that location or locations by the supermarket partner. Also, an economic slowdown, financial or labor difficulties in the supermarket industry may reduce activity in TCF's supermarket branches. TCF is subject to the risk, among others, that its license for additional locations could be terminated in the future in connection with the sale or closure of a location by the supermarket owner.

Changes in customers' behavior regarding use of checking accounts could result in lower fee revenue, higher borrowing costs, and higher operational costs for TCF.

TCF obtains a large portion of its revenue from checking accounts and depends on low cost checking accounts as a significant source of funds. Changes in customers' behavior regarding use of checking accounts could result in lower fee revenue, higher borrowing costs, and higher operational costs, such as deposit losses, for TCF. Small decreases in non-sufficient funds incident rates could have a significant negative effect on TCF's fee revenue. In addition, competition from other financial institutions could result in higher numbers of closed accounts and increased account acquisition costs. TCF actively monitors customer behavior and adjusts policies and marketing efforts accordingly to attract new and retain existing checking account customers.

Future debit card revenues may be impacted by debit card class action litigation against Visa U.S.A. Inc. ("Visa") and MasterCard®.

TCF is an issuer of Visa-branded debit cards. Class action lawsuits brought by various retail merchants against Visa and MasterCard® challenging rules imposed by Visa and MasterCard governing the acceptance of debit and credit cards by merchants were settled in 2003. Under the settlement reached by Visa, interchange rates were lowered effective August 1, 2003 for many merchants resulting in an immediate adverse impact on TCF's debit card revenues. Additionally, as part of the settlement, Visa established new higher interchange rates which took effect in February 2004. Class action litigation brought by certain merchants who chose not to participate in this settlement remains pending. In October 2004, the United States Supreme Court decided not to hear an appeal of a ruling that Visa and MasterCard may not bar member banks from issuing cards on rival networks. Rival card networks, such as Discover and American Express, have brought or are considering bringing private legal action against Visa and MasterCard. Visa is a defendant in several other legal actions. The ultimate impact of any such litigation cannot be predicted at this time. The continued success of TCF's debit card program is dependent on the success and viability of Visa and the continued use by customers and acceptance by merchants of its debit cards.

New or revised tax, accounting, and other laws, regulations, rules and standards could significantly impact strategic initiatives, results of operations, and financial condition.

The financial services industry is extensively regulated. Federal and state laws and regulations are designed primarily to protect the deposit insurance funds and consumers, and not necessarily to benefit a financial company's shareholders. These laws and regulations may sometimes impose significant limitations on operations. These limitations, and sources of potential liability for the violation of such laws and regulations, are described in this report under the heading "REGULATION." These regulations, along with the currently existing tax and accounting laws, regulations, rules, and standards, control the methods by which financial institutions conduct business; implement strategic initiatives, as well as past, present, and contemplated tax planning; and govern financial disclosures. These laws, regulations, rules, and standards are constantly evolving and may change significantly over time. Current events that may not have a direct impact on TCF, such as accounting improprieties, may result in the adoption of substantive revisions to laws, regulations, rules, and standards. The nature, extent, and timing of the adoption of significant new laws, changes in existing laws, or repeal of existing laws may have a material impact on TCF's business, results of operations, and financial condition, the effect of which is impossible to predict at this time.

Non-compliance with USA Patriot Act, Bank Secrecy Act or other laws and regulations could result in fines or sanctions of TCF.

The USA Patriot and Bank Secrecy Acts require financial institutions to develop programs to prevent financial institutions from being used for money laundering and terrorist activities. If such activities are detected, financial institutions are obligated to file suspicious activity reports with the U.S. Treasury Department's Office of Financial Crimes Enforcement Network. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure to comply with these regulations could result in fines or sanctions. During the last year several banking institutions have received large fines for non-compliance with these laws and regulations. TCF has developed policies and procedures designed to ensure compliance with these laws and regulations.

The extended disruption of vital infrastructure could negatively impact TCF's business, results of operations, and financial condition.

TCF's operations depend upon, among other things, its technological and physical infrastructure, including its equipment and facilities. Extended disruption of its vital infrastructure by fire, power loss, natural disaster, telecommunications failure, computer hacking and viruses, terrorist activity or the domestic and foreign response to such activity, or other events outside of TCF's control, could have a material adverse impact either on the financial services industry as a whole, or on TCF's business, results of operations, and financial condition.

If TCF's real estate investment trust (REIT) affiliate fails to qualify as a REIT, or should states enact legislation taxing these or related entities, TCF will be subject to a higher consolidated effective tax rate.

TCF has a REIT and a related foreign operating company that acquire, hold and manage mortgage assets and other authorized investments to generate income. These companies are consolidated with TCF National Bank and are therefore included in the consolidated financial statements of TCF Financial Corporation. The REIT and related companies must meet specific provisions of the Internal Revenue Code ("IRC") and state tax laws. If these companies fail to meet any of the

required provisions of Federal and state tax laws, TCF's tax expense could increase. TCF's related companies have included companies that operate under provisions of the laws in certain states in which TCF operates (including Minnesota and Illinois) that allow deductions for income derived from foreign operating companies. Use of these companies has been the subject of administrative audit reviews, litigation involving parties unrelated to TCF that is currently pending in the Minnesota Supreme Court and proposed legislative change. Unfavorable developments in any of these areas could substantially increase TCF's state tax liability.

TCF's consolidated financial statements conform with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

TCF's consolidated financial statements include estimates related to accruals of income and expenses and determination of fair values or carrying values of certain, but not all, assets and liabilities. These estimates are based on information available to management at the time the estimates are made. Factors involved in these estimates, such as estimates based on prevailing interest rates and prepayment speeds that can affect the carrying value of mortgage servicing rights, could change in the future and lead to a change in estimates that could have a material impact on TCF's consolidated results of operations or financial condition. For further information relating to critical accounting estimates, see "Management's Discussion and Analysis — Summary of Critical Accounting Estimates" on page 46 of TCF's 2004 Annual Report, incorporated herein by reference.

OTHER INFORMATION

Activities of Subsidiaries of TCF Financial Corporation

TCF's business operations include those conducted by direct and indirect subsidiaries of TCF Financial, all of which are consolidated for purposes of preparing TCF's consolidated financial statements. TCF does not utilize unconsolidated subsidiaries or special purpose entities to provide off-balance sheet borrowings. During the year ended December 31, 2004, TCF's subsidiaries, other than TCF National Bank, were principally engaged in the following activities:

Leasing – Winthrop and TCF Leasing provide a broad range of comprehensive lease and equipment finance products. Winthrop leases technology and data processing equipment to companies nationwide. TCF Leasing specializes in the leasing and financing of manufacturing and construction equipment along with specialty vehicles and home medical equipment in key markets in various regions of the United States, and through its TCF Express Leasing Division, also engages in equipment leasing to small and growing businesses. TCF's leasing and equipment finance businesses operate in all 50 states.

Mortgage Banking – During the third quarter of 2004, TCF announced a restructuring of its mortgage origination businesses and ceased wholesale originations. The retail origination function was downsized and integrated with TCF's consumer lending business in the fourth quarter of 2004. TCF's mortgage banking business no longer sells loans in the secondary market. TCF continues to service the remaining portfolio of mortgage loans for third party investors.

Insurance and Investment Services – TCF Financial Insurance Agency, Inc. is an insurance agency engaging in the sale of fixed-rate, single premium tax-deferred annuities and life insurance products. TCF Investments, Inc. engages in the sale of non-proprietary mutual fund products, in the sale of variable-rate, single premium tax-deferred annuities and in online and broker-assisted securities sales activity.

Additionally, TCF National Bank has a Real Estate Investment Trust (REIT) subsidiary and a related foreign operating company formed to assist in the centralized management of mortgage related assets.

Recent Accounting Developments

See "Management's Discussion and Analysis — Recent Accounting Developments" on page 46 and "Management's Discussion and Analysis — Legislative, Legal and Regulatory Developments" on pages 46 and 47 of TCF's 2004 Annual Report, incorporated herein by reference.

Competition

TCF competes with a number of depository institutions and financial service providers in its market areas, and experiences significant competition in attracting and retaining deposits and in lending funds. TCF believes the primary factors in competing for deposits are the ability to offer attractive rates and products, convenient customer service locations

and supporting data processing systems and services. Direct competition for deposits comes primarily from other commercial banks, investment banks, credit unions and savings institutions. Additional significant competition for deposits comes from institutions selling money market mutual funds and corporate and government securities. The primary factors in competing for loans are interest rates, fees and the range of services offered. TCF competes for the origination of loans with commercial banks, mortgage bankers, mortgage brokers, consumer and commercial finance companies, credit unions, insurance companies and savings institutions. TCF also competes nationwide with other leasing companies in the financing of high-technology and other equipment. Expanded use of the internet has increased the potential competition affecting TCF and its loan, lease and deposit products.

Employees

As of December 31, 2004, TCF had 8,449 employees, including 2,777 part-time employees. TCF provides its employees with a comprehensive program of benefits, some of which are provided on a contributory basis, including comprehensive medical and dental plans, life insurance, accident insurance, short- and long-term disability coverage and a 401(k) savings plan with a company matching contribution.

REGULATION

The banking industry is generally subject to extensive regulatory oversight. TCF Financial, as a publicly held financial holding company, and TCF National Bank, as a national bank with deposits insured by the FDIC, are subject to a number of laws and regulations. Many of these laws and regulations have undergone significant change in recent years. See "Management's Discussion and Analysis — Legislative, Legal and Regulatory Developments" on pages 46 and 47 of TCF's 2004 Annual Report, incorporated herein by reference. These laws and regulations impose restrictions on activities, minimum capital requirements, lending and deposit restrictions and numerous other requirements. Future changes to these laws and regulations, and other new financial services laws and regulations, are likely and cannot be predicted with certainty.

Regulatory Capital Requirements

TCF Financial and TCF National Bank are subject to regulatory capital requirements of the FRB and the OCC, respectively. These requirements are described below. In addition, these regulatory agencies are required by law to take prompt action when institutions do not meet certain other minimum capital standards. The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") defines five levels of capital condition, the highest of which is "well-capitalized," and requires that regulatory authorities subject undercapitalized institutions to various restrictions such as limitations on dividends or other capital distributions, limitations on growth or activity restrictions. Undercapitalized banks must also develop a capital restoration plan and the parent financial holding company is required to guarantee compliance with the plan. TCF Financial and TCF National Bank are "well-capitalized" under the FDICIA capital standards.

The FRB's risk-based capital guidelines include among their objectives making regulatory capital requirements more sensitive to differences in risk profiles of banking organizations, factoring off-balance-sheet exposures into the assessment of capital adequacy and minimizing disincentives to holding liquid, low-risk assets. Under these guidelines, a financial holding company's assets and certain off-balance-sheet items are assigned to one of four risk categories, each weighted differently in accordance with the perceived level of risk posed by such assets or off-balance-sheet items.

FRB guidelines also prescribe two "tiers" of capital. "Tier 1" capital includes common stockholders' equity; qualifying noncumulative perpetual preferred stock (including related surplus); qualifying cumulative perpetual preferred stock (including related surplus), subject to certain limitations; and minority interests in the equity accounts of consolidated subsidiaries. Tier 1 capital excludes goodwill and certain other intangible and other assets. "Supplementary" or "Tier 2" capital consists of the allowance for loan and lease losses, subject to certain limitations; perpetual preferred stock and related surplus, subject to certain conditions; hybrid capital instruments (i.e., those with characteristics of both equity and debt), perpetual debt and mandatory convertible debt securities; and term subordinated debt and intermediate-term preferred stock (including related surplus), subject to certain limitations. The maximum amount of Tier 2 capital that is allowed to be included in an institution's qualifying total capital is 100% of Tier 1 capital, net of goodwill and other intangible assets required to be deducted.

TCF Financial is currently required to maintain (i) Tier 1 capital equal to at least four percent of its risk-weighted assets and (ii) total capital (the sum of Tier 1 and Tier 2 capital) equal to eight percent of risk-weighted assets. The FRB also requires financial holding companies to maintain a minimum Tier 1 "leverage ratio" (measuring Tier 1 capital as a percentage of adjusted total assets) of at least three percent. Higher leverage ratio requirements (minimum additional capital of 100 to 200 basis points) may be imposed for institutions that do not have the highest regulatory rating or that fail to meet certain other criteria. At December 31, 2004, TCF believes it met all these requirements. For more information on regulatory capital requirements, see Note 16 of Notes to Consolidated Financial Statements on pages 65 and 66 of TCF's 2004 Annual Report, incorporated herein by reference. The FRB has not advised TCF of any specific minimum Tier 1 leverage ratio applicable to it.

The FRB's guidelines indicate that the FRB expects that financial holding companies experiencing internal growth or making acquisitions should maintain stronger capital positions, substantially above the minimum supervisory levels, without significant reliance on intangible assets. In addition, the guidelines provide that the FRB will use Tier 1 leverage guidelines in its inspection and supervisory process and as part of its analysis of applications to be approved by the FRB (this would include applications relating to financial holding company activities, acquisitions or other matters). The guidelines also indicate that the FRB will review the Tier 1 leverage measure periodically and will consider adjustments needed to reflect significant changes in the economy, financial markets and banking practices. The OCC also imposes on TCF National Bank regulatory capital requirements that are substantially similar to those imposed by the FRB, and TCF believes TCF National Bank complied with all OCC regulatory capital requirements at December 31, 2004.

The FRB and the OCC also have adopted rules that could permit them to quantify and account for interest-rate risk exposure and market risk from trading activity and reflect these risks in higher capital requirements. New legislation, additional rulemaking, or changes in regulatory policies may affect future regulatory capital requirements applicable to TCF Financial and TCF National Bank. The ability of TCF Financial and TCF National Bank to comply with regulatory capital requirements may be adversely affected by legislative changes or future rulemaking or policies of their regulatory authorities or by unanticipated losses or lower levels of earnings.

Restrictions on Distributions

Dividends or other capital distributions from TCF National Bank to TCF Financial are an important source of funds to enable TCF Financial to pay dividends on its common stock, to make payments on TCF Financial's borrowings, or for its other cash needs. TCF National Bank's ability to pay dividends is dependent on regulatory policies and regulatory capital requirements. The ability to pay such dividends in the future may be adversely affected by new legislation or regulations, or by changes in regulatory policies. In general, TCF National Bank may not declare or pay a dividend to TCF Financial in excess of 100% of its net profits during a year combined with its retained net profits for the preceding two years without prior approval of the OCC. TCF National Bank's ability to make any capital distributions in the future may require regulatory approval and may be restricted by its regulatory authorities. TCF National Bank's ability to make any such distributions may also depend on its earnings and ability to meet minimum regulatory capital requirements in effect during future periods. These capital adequacy standards may be higher than existing minimum capital requirements. The OCC also has the authority to prohibit the payment of dividends by a national bank when it determines such payments would constitute an unsafe and unsound banking practice. In addition, tax considerations may limit the ability of TCF National Bank to make dividend payments in excess of its current and accumulated tax "earnings and profits" ("E&P"). Annual dividend distributions in excess of E&P could result in a tax liability based on the amount of excess earnings distributed and current tax rates. See "Management's Discussion and Analysis — Consolidated Financial Condition Analysis – Liquidity Management" on page 40 and Note 15 of Notes to Consolidated Financial Statements on page 65 of TCF's 2004 Annual Report, incorporated herein by reference.

Regulation of TCF Financial and Affiliates and Insider Transactions

TCF Financial is subject to regulation as a financial holding company. It is required to register with the FRB and is subject to FRB regulations, examinations and reporting requirements relating to bank or financial holding companies. As a subsidiary of a financial holding company, TCF National Bank is subject to certain restrictions in its dealings with TCF Financial and with other companies affiliated with TCF Financial.

A holding company must serve as a source of strength for its subsidiary banks, and the FRB may require a holding company to contribute additional capital to an undercapitalized subsidiary bank. In addition, Section 55 of the National Bank Act may permit the OCC to order the pro rata assessment of shareholders of a national bank where the capital of the bank has become impaired. If a shareholder fails to pay such an assessment within three months, the OCC may order the sale of the shareholder's stock to cover a deficiency in the capital of a subsidiary bank. In the event of a holding company's bankruptcy, any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank would be assumed by the bankruptcy trustee and may be entitled to priority over other creditors.

Under the Bank Holding Company Act ("BHCA"), a bank holding company must obtain FRB approval before acquiring more than 5% control, or substantially all of the assets, of another bank, or bank or financial holding company, or merging or consolidating with such a holding company. The BHCA also generally prohibits a bank holding company, with

certain exceptions, from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, providing services for its subsidiaries, or conducting activities permitted by the FRB as being closely related and proper incidents to the business of banking.

Restrictions on Change in Control

Federal and state laws and regulations contain a number of provisions which impose restrictions on changes in control of financial institutions such as TCF National Bank, and which require regulatory approval prior to any such changes in control. The Restated Certificate of Incorporation of TCF Financial and a Shareholder Rights Plan adopted by TCF Financial in 1999 contain, among other items, features which may inhibit a change in control of TCF Financial.

Acquisitions and Interstate Operations

Under federal law, interstate merger transactions may be approved by federal bank regulators without regard to whether such transactions are prohibited by the law of any state, unless the home state of one of the banks opted out of the Riegle-Neal Interstate Banking and Branching Act of 1994 by adopting a law after the date of enactment of such act, and prior to June 1, 1997, which applies equally to all out-of-state banks and expressly prohibits merger transactions involving out-of-state banks. Interstate acquisitions of branches by banks are permitted only if the law of the state in which the branch is located permits such acquisitions. Interstate mergers and branch acquisitions may also be subject to certain nationwide and statewide insured deposit maximum concentration levels or other limitations.

Insurance of Accounts; Depositor Preference

The deposits of TCF National Bank are insured by the FDIC up to $100,000 per insured depositor. Substantially all of TCF's deposits are Savings Association Insurance Fund ("SAIF") insured, but TCF also has deposits insured by the Bank Insurance Fund ("BIF"). The FDIC establishes deposit insurance rates to maintain a mandated designated reserve ratio of 1.25% ($1.25 against $100 of insured deposits). The reserve ratio calculated by the FDIC that was in effect at December 31, 2004 was 1.31% for BIF and 1.34% for SAIF. In January 2005, the FDIC revised its reserve ratio calculation to 1.32% for BIF and 1.33% for SAIF. The FDIC has established a risk-based deposit insurance assessment under which deposit insurance assessments are based upon an institution's capital strength and supervisory condition, as determined by the institution's primary regulator. The annual insurance premiums on bank deposits insured by the BIF and SAIF may vary between $0 per $100 of deposits for banks classified in the highest capital and supervisory evaluation categories to $.27 per $100 of deposits for banks classified in the lowest capital and supervisory evaluation categories. Annual insurance premiums have not been required for TCF for 2004, 2003, and 2002. If the designated reserve ratio falls below the ratio set by the FDIC, the FDIC may be required to increase deposit insurance rates sufficient to maintain the designated level. An increase in deposit insurance rates could have a material adverse effect on TCF, depending on the amount and duration of the increase.

In addition to risk-based deposit insurance assessments, assessments may be imposed on deposits insured by either the BIF or the SAIF to pay for the cost of Financing Corporation ("FICO") funding. FICO assessment rates for 2004 ranged from $.0146 to $.0154 per $100 of deposits annually for both BIF-assessable and SAIF-assessable deposits. FICO assessments of $1.1 million, $1.2 million and $1.2 million were imposed and expensed in other expense for 2004, 2003 and 2002, respectively.

In addition, the FDIC is authorized to terminate a depository institution's deposit insurance if it finds that the institution is being operated in an unsafe and unsound manner or has violated any rule, regulation, order or condition administered by the institution's regulatory authorities. Any such termination of deposit insurance is likely to have a material adverse effect on TCF, the severity of which would depend on the amount of deposits affected by such a termination.

Under federal law, deposits and certain claims for administrative expenses and employee compensation against an insured depository institution are afforded a priority over other general unsecured claims against such an institution, including federal funds and letters of credit, in the liquidation or other resolution of such an institution by any receiver appointed by regulatory authorities. Such priority creditors would include the FDIC.

Examinations and Regulatory Sanctions

TCF is subject to periodic examination by the FRB, OCC and the FDIC. Bank regulatory authorities may impose on institutions found to be operating in an unsafe or unsound manner a number of restrictions or new requirements, including

but not limited to growth limitations, dividend restrictions, individual increased regulatory capital requirements, increased loan, lease and real estate loss reserve requirements, increased supervisory assessments, activity limitations or other restrictions that could have an adverse effect on such institutions, their holding companies or holders of their debt and equity securities. Various enforcement remedies, including civil money penalties, may be assessed against an institution or an institution's directors, officers, employees, agents or independent contractors.

To the extent not subject to preemption by the OCC, subsidiaries of TCF may also be subject to state and/or self-regulatory organization licensing, regulation and examination requirements in connection with certain insurance, mortgage banking and securities brokerage activities.

National Bank Investment Limitations

Permissible investments by national banks are limited by the National Bank Act, as amended, and by rules of the OCC. Non-traditional bank activities permitted by the Gramm-Leach-Bliley Act will subject a bank to additional regulatory limitations or requirements, including a required regulatory capital deduction and application of transactions with affiliates limitations in connection with such activities.

Future Legislative and Regulatory Change; Litigation and Enforcement Activity

There are a number of respects in which future legislative or regulatory change, or changes in enforcement practices or court rulings, could adversely affect TCF, and it is generally not possible to predict when or if such changes may have an impact on TCF. TCF's non-interest income in future periods may be negatively impacted by pending state and federal legislative proposals which, if enacted, could limit loan, deposit or other fees and service charges. Financial institutions have increasingly been the subject of class action lawsuits or in some cases regulatory actions challenging a variety of practices involving consumer lending and retail deposit-taking activity.

The Community Reinvestment Act ("CRA") and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Department of Justice ("DOJ") and other federal agencies are responsible for enforcing these laws and regulations. A successful challenge to an institution's performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including the required payment of damages and civil money penalties, prospective and retrospective injunctive relief, imposition of restrictions on mergers and acquisitions activity, and restrictions on expansion activity. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. The ultimate effects of the foregoing or other possible legal and regulatory developments cannot be predicted but may have an adverse impact on TCF.

Other Laws and Regulations

TCF is subject to a wide array of other laws and regulations, both federal and state, including, but not limited to, usury laws, the CRA and related regulations, the Equal Credit Opportunity Act and Regulation B, Regulation D reserve requirements, Electronic Funds Transfer Act and Regulation E, the Truth-in-Lending Act and Regulation Z, the Real Estate Settlement Procedures Act and Regulation X, the Expedited Funds Availability Act and Regulation CC, and the Truth-in-Savings Act and Regulation DD. TCF is also subject to laws and regulations that may impose liability on lenders and owners for clean-up costs and other costs stemming from hazardous waste located on property securing real estate loans. Although TCF's lending procedures include measures designed to limit lender liability for hazardous waste clean-up or other related liability, TCF has engaged in significant commercial lending activity, and lenders may be held liable for clean-up costs relating to hazardous wastes under certain circumstances.

TAXATION

Federal Taxation

The 3-year statute of limitations on TCF's consolidated Federal income tax return is closed through 2000, with the exception of certain filed refund claims.

See "Management's Discussion and Analysis — Consolidated Income Statement Analysis – Income Taxes" on page 31, Note 1 of Notes to Consolidated Financial Statements on pages 53 through 56 and Note 14 of Notes to Consolidated Financial Statements on page 64 of TCF's 2004 Annual Report, incorporated herein by reference, for additional information regarding TCF's income taxes.

State Taxation

TCF and/or its subsidiaries currently file tax returns in all states which impose corporate income and franchise taxes and local tax returns in certain cities and other taxing jurisdictions. TCF's primary banking activities are in the states of Minnesota, Illinois, Wisconsin, Michigan, Colorado and Indiana. The tax rates in those jurisdictions are 9.8%, 7.3%, 7.9%, 1.9%, 4.6% and 8.5%, respectively. The methods of filing, and the methods for calculating taxable and apportionable income, vary depending upon the laws of the taxing jurisdiction. See "BUSINESS RISKS."

AVAILABLE INFORMATION

TCF's website, www.TCFExpress.com, includes free access to company news releases, investor presentations, TCF's Annual Report and periodic filings required by the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports. TCF's Compensation/Nominating/Corporate Governance Committee and Audit Committee charters, Corporate Governance Guidelines and Code of Ethics are also available on this website. Shareholders may request these documents in print by contacting the Corporate Secretary at TCF Financial Corporation, 200 Lake Street East, Mail Code EX0-03-A, Wayzata, MN 55391-1693.

FORWARD-LOOKING INFORMATION

This Form 10-K and other reports issued by the Company, including reports filed with the Securities and Exchange Commission, 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; denial of insurance coverage for claims made by TCF; 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 business, 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.

ITEM 2. PROPERTIES

Offices

At December 31, 2004, TCF owned the buildings and land for 132 of its bank branch offices, owned the buildings but leased the land for ten of its bank branch offices and leased or licensed the remaining 288 bank branch offices, all of which are well maintained. The properties related to the bank branch offices owned by TCF had a depreciated cost of approximately $163.8 million at December 31, 2004. At December 31, 2004, the aggregate net book value of leasehold improvements associated with leased bank branch office facilities was $21 million. In addition to the above-referenced branch offices, TCF owned and leased other facilities with an aggregate net book value of $51.2 million at December 31, 2004. For more information on premises and equipment, see Note 8 of Notes to Consolidated Financial Statements on page 59 of TCF's 2004 Annual Report, incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

From time to time, TCF is a party to legal proceedings arising out of its lending, leasing and deposit operations. TCF is and expects to become engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collection activities. From time to time, borrowers and other customers have also brought actions against TCF, in some cases claiming substantial amounts of damages. Financial services companies are subject to the risk of class action litigation, and TCF has had such actions brought against it from time to time. Litigation is often unpredictable and the actual results of litigation cannot be determined with certainty.

Class action lawsuits were brought by various retail merchants against Visa and MasterCard® challenging rules imposed by Visa and MasterCard governing the acceptance of debit and credit cards by merchants. In the second quarter of 2003, Visa reached a settlement of the litigation with the various retail merchants, which resulted in lower interchange rates effective August 1, 2003 for many retail merchants. Additionally, as part of the settlement, Visa established new interchange rates which took effect in February 2004 and these rates increased slightly from the rates established August 1, 2003. Class action litigation brought by certain merchants who chose not to participate in this settlement remains pending. In October 2004, the United States Supreme Court decided not to hear an appeal of a ruling that Visa and MasterCard may not bar member banks from issuing cards on rival networks. Rival card networks, such as Discover and American Express, have brought or are considering bringing private legal action against Visa and MasterCard. Visa is a defendant in several other legal actions. The ultimate impact of any such litigation cannot be predicted at this time. The continued success of TCF's debit card program is dependent on the success and viability of Visa and the continued use by customers and acceptance by merchants of its debit cards.

In April 2004, TCF was served with a complaint in the United States District Court, District of Minnesota, by John Matthew Saxe, individually and on behalf of other similarly situated employees. The plaintiff, a former consumer loan officer for TCF National Bank, alleges that he and other consumer lender employees were not paid overtime compensation in violation of the Federal Fair Labor Standards Act and the Minnesota Fair Labor Standards Act, and seeks as damages unpaid back wages, an additional amount equal to unpaid back wages as liquidated damages, costs and attorneys' fees. TCF has filed an answer to the complaint denying that the plaintiff or any similarly situated employee is entitled to any relief or that the plaintiff is similarly situated to other employees. Discovery in this case is pending.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

TCF's common stock trades on the New York Stock Exchange under the symbol "TCB." The following table sets forth the high and low prices and dividends declared for TCF's common stock. The stock prices represent the high and low sale prices for the common stock on the New York Stock Exchange Composite Tape, as reported by The Wall Street Journal. In 2004, TCF announced and completed a two-for-one stock split of its common stock in the form of a 100% stock dividend. As a result of the two-for-one stock split, all prior period share and per share data have been restated.

	High	Low	Declared
2004			
First Quarter	$ 26.37	$ 23.92	$ .1875
Second Quarter	29.03	24.35	.1875
Third Quarter	32.62	28.01	.1875
Fourth Quarter	32.36	29.46	.1875
2003			
First Quarter	$ 22.89	$ 18.25	$ .1625
Second Quarter	21.27	18.45	.1625
Third Quarter	24.86	19.76	.1625
Fourth Quarter	27.13	23.91	.1625

As of January 31, 2005, there were approximately 9,850 record holders of TCF's common stock.

The Board of Directors of TCF Financial has not adopted a formal dividend policy. The Board of Directors intends to continue its present practice of paying quarterly cash dividends on TCF's common stock as justified by the financial condition of TCF. The declaration and amount of future dividends will depend on circumstances existing at the time, including TCF's earnings, financial condition and capital requirements, the cash available to pay such dividends (derived mainly from dividends and distributions from TCF National Bank), as well as regulatory and contractual limitations and such other factors as the Board of Directors may deem relevant. In general, TCF National Bank may not declare or pay a dividend to TCF in excess of 100% of its net profits for that year combined with its retained net profits for the preceding two calendar years without prior approval of the OCC. Restrictions on the ability of TCF National Bank to pay cash

dividends or possible diminished earnings of the indirect subsidiaries of TCF Financial may limit the ability of TCF Financial to pay dividends in the future to holders of its common stock. See "REGULATION — Regulatory Capital Requirements," "REGULATION — Restrictions on Distributions" and Note 15 of Notes to Consolidated Financial Statements on page 65 of TCF's 2004 Annual Report, incorporated herein by reference. Federal income tax rules may also limit dividend payments under certain circumstances. See "TAXATION," and Note 14 of Notes to Consolidated Financial Statements on page 64 of TCF's 2004 Annual Report, incorporated herein by reference.

The following table summarizes share repurchase activity for the quarter ended December 31, 2004:

	Shares Repurchased			Share Repurchase Authorization (1)
(Dollars in thousands)	**Number**		**Average Price Per Share**	**Number**
Balance, September 30, 2004				5,022,820
October 2004	645,000	$	30.26	(645,000)
November 2004	925,000		31.04	(925,000)
December 2004	—			—
Balance, December 31, 2004	1,570,000	$	30.72	3,452,820

(1) The current share repurchase authorization was approved by the Board of Directors on July 21, 2003. The authorization was for a repurchase of up to an additional 5% of TCF's common stock outstanding at the time of the authorization, 7.2 million shares. This authorization does not have an expiration date.

ITEM 6. SELECTED FINANCIAL DATA

The Other Financial Data on page 80 of TCF's 2004 Annual Report, presenting selected quarterly financial data, is incorporated herein by reference and should be read in conjunction with the Consolidated Financial Statements and related notes appearing on pages 48 through 76 of TCF's 2004 Annual Report, incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis on pages 18 through 47 of TCF's 2004 Annual Report, presenting management's discussion and analysis of TCF's financial condition and results of operations, is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The quantitative and qualitative disclosures about interest rate risk set forth on pages 43 through 45 of TCF's 2004 Annual Report are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements, Notes to Consolidated Financial Statements, Management's Report on Internal Control Over Financial Reporting, Reports of Independent Registered Public Accounting Firm and Other Financial Data set forth on pages 48 through 80 of TCF's 2004 Annual Report are incorporated herein by reference. See Index to Consolidated Financial Statements on page 21 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, the Company's Chief Financial Officer (Principal Financial Officer) and its Controller and Assistant Treasurer (Principal Accounting Officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 under the

Securities Exchange Act of 1934 ("Exchange Act"). Based upon that evaluation, management concluded that the Company's disclosure controls and procedures are effective, as of December 31, 2004. Also, there were no significant changes in the Company's disclosure controls or internal controls over financial reporting during 2004. See "Management's Report on Internal Control over Financial Reporting" on page 77 of TCF's 2004 Annual Report, incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors and executive officers of TCF is set forth in the following sections of Item 1 of TCF's definitive proxy statement dated March 16, 2005 and incorporated herein by reference: *Election of Directors; Background of the Nominees and Other Directors; Committee Memberships; Director Attendance; Director Independence; Compensation of Directors; TCF Stock Ownership of Directors, Officers and 5% Owners; Were All Stock Ownership Reports Timely Filed by TCF Insiders?; Background of Executives Who are Not Directors; Report of Compensation/Nominating/Corporate Governance Committee; Summary Compensation Table; Option Grants and Exercises; and Benefits for Executives.*

Determination of Audit Committee Financial Expert

TCF's Board of Directors is required to determine whether it has at least one audit committee financial expert and that the expert is independent. An audit committee financial expert is a committee member who has an understanding of generally accepted accounting principles and financial statements and has the ability to assess the general application of these principles in connection with the accounting for estimates, accruals and reserves. Additionally, this individual should have experience preparing, auditing, analyzing or evaluating financial statements that present the breadth and level of complexity of accounting issues present in TCF's financial statements. The member should also have an understanding of internal control over financial reporting as well as an understanding of audit committee functions.

The Board has determined that George G. Johnson, the Audit Committee Chairman, meets the requirements of an audit committee financial expert. The Board has also determined that Mr. Johnson is independent. Additional information regarding Mr. Johnson and other directors is set forth in the section *Background of the Nominees and Other Directors* of Item 1 of TCF's definitive proxy statement dated March 16, 2005 and incorporated herein by reference.

Code of Ethics

TCF adopted a code of ethics for senior financial management in March 2003. This code of ethics is available for review at the Company's website at www.TCFExpress.com under the "Corporate Governance" section. Any changes to or waivers of violations of the code of ethics for senior financial management will be posted to the Company's website.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding compensation of directors and executive officers of TCF is set forth in the following sections of Item 1 of TCF's definitive proxy statement dated March 16, 2005 and incorporated herein by reference: *Compensation of Directors, Report of Compensation/Nominating/Corporate Governance Committee, Summary Compensation Table, Option Grants and Exercises and Benefits for Executives.*

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding ownership of TCF's common stock by TCF's directors, executive officers, and certain other shareholders is set forth in the sections entitled *TCF Stock Ownership of Directors, Officers and 5% Owners and Were All Stock Ownership Reports Timely Filed by TCF Insiders?* under Item 1 of TCF's definitive proxy statement dated March 16, 2005 and incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and transactions between TCF and management is set forth in the section entitled *Certain Relationships and Related Transactions – What Related Party Transactions Included Directors?* under Item 1 of TCF's definitive proxy statement dated March 16, 2005 and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services and the audit committee's pre-approval policies and procedures relating to audit and non-audit services provided by the Company's independent public accounting firm is set forth in the section entitled *Audit Committee Report* under Item 3 of TCF's definitive proxy statement dated March 16, 2005 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits

1. Financial Statements

   See Index to Consolidated Financial Statements on page 21 of this report.

2. Financial Statement Schedules

   All schedules to the Consolidated Financial Statements normally required by the applicable accounting regulations are omitted since the required information is included in the Consolidated Financial Statements or the Notes thereto or is not applicable.

3. Exhibits

   See Index to Exhibits on page 21 of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or Section 15(d) 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
Registrant

By /s/ WILLIAM A. COOPER
William A. Cooper
Chairman of the Board and
Chief Executive Officer

Dated: February 17, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ WILLIAM A. COOPER William A. Cooper	Chairman of the Board, Chief Executive Officer and Director	February 17, 2005
/s/ LYNN A. NAGORSKE Lynn A. Nagorske	President, Chief Operating Officer and Director	February 17, 2005
/s/ NEIL W. BROWN Neil W. Brown	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 17, 2005
/s/ DAVID M. STAUTZ David M. Stautz	Senior Vice President, Controller and Assistant Treasurer (Principal Accounting Officer)	February 17, 2005
/s/ WILLIAM F. BIEBER William F. Bieber	Director	February 17, 2005
/s/ RODNEY P. BURWELL Rodney P. Burwell	Director	February 17, 2005
/s/ THOMAS A. CUSICK Thomas A. Cusick	Director	February 17, 2005
/s/ JOHN M. EGGEMEYER III John M. Eggemeyer III	Director	February 17, 2005
/s/ ROBERT E. EVANS	Director	February 17, 2005

Robert E. Evans

/s/ LUELLA G. GOLDBERG Luella G. Goldberg	Director	February 17, 2005
/s/ GEORGE G. JOHNSON George G. Johnson	Director	February 17, 2005
/s/ THOMAS J. McGOUGH Thomas J. McGough	Director	February 17, 2005
/s/ PETER L. SCHERER Peter L. Scherer	Director	February 17, 2005
/s/ GERALD A. SCHWALBACH Gerald A. Schwalbach	Director	February 17, 2005
/s/ DOUGLAS A. SCOVANNER Douglas A. Scovanner	Director	February 17, 2005
/s/ RALPH STRANGIS Ralph Strangis	Director	February 17, 2005

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following consolidated financial statements of TCF and its subsidiaries, included in TCF's 2004 Annual Report, are incorporated herein by reference in this report:

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
3(a)	Restated Certificate of Incorporation of TCF Financial Corporation, as amended and restated through April 29, 1998 [incorporated by reference to Exhibit 3(a) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, No. 001-10253]	
3(b)	Restated Bylaws of TCF Financial Corporation, as amended and restated through October 25, 1999; and as amended by amendment adopted April 28, 2000 [incorporated by reference to Exhibit 3(b) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, No. 001-10253]; and as amended by amendment	

adopted January 22, 2001 [incorporated by reference to Exhibit 3(b) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, No. 001-10253]

4(a)	Rights Agreement, dated as of May 12, 1999, between TCF Financial Corporation and BankBoston, N.A. [incorporated by reference to Exhibit 1 to TCF Financial Corporation's Registration Statement on Form 8-A, No. 001-10253 (filed May 24, 1999)] and as amended January 24, 2005 [incorporated by reference to Exhibit 4(a) to TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
4(b)	Copies of instruments with respect to long-term debt will be furnished to the Securities and Exchange Commission upon request.

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
10(a)	Stock Option and Incentive Plan of TCF Financial Corporation, as amended [incorporated by reference to Exhibit 10.1 to TCF Financial Corporation's Registration Statement on Form S-4, No. 33-14203 (filed May 12, 1987)]; Second Amendment, Third Amendment and Fourth Amendment to the Plan [incorporated by reference to Exhibit 10(a) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987, No. 0-16431]; Fifth Amendment to the Plan [incorporated by reference to Exhibit 10(a) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, No. 001-10253]; amendment dated January 21, 1991 [incorporated by reference to Exhibit 10(a) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, No. 001-10253]; and as further amended by amendment dated January 28, 1992 and amendment dated March 23, 1992 (effective April 15, 1992) [incorporated by reference to Exhibit 10(a) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, No. 001-10253]	
10(b)	TCF Financial Incentive Stock Program as amended and restated on March 5, 2004, and approved by Shareholders of TCF Financial Corporation at the Annual Meeting on April 28, 2004 [incorporated by reference to Appendix B to TCF Financial Corporation's Definitive Proxy Statement filed with the SEC on March 17, 2004]	
10(c)	TCF Financial Corporation Executive Deferred Compensation Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(a) to TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]	
10(d)	Amended and Restated Trust Agreement for TCF Financial Corporation Executive Deferred Compensation Plan effective September 1, 1998; amendment adopted effective November 1, 1998 [incorporated by reference to Exhibit 10(d) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, No. 001-10253]; Restated Trust Agreement as executed with First National Bank in Sioux Falls as trustee effective as of October 1, 2000 [incorporated by reference to Exhibit 10(d) of TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, No. 001-10253]; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(d) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, No. 001-10253]; and as amended by amendments adopted May 3, 2002 [incorporated by reference to Exhibit 10(d) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, No. 001-10253]; and as amended by amendments effective as of June 30, 2003 [incorporated by reference to Exhibit 10(d) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, No. 001-10253]	
10(e)*	Employment Agreement of William A. Cooper, dated July 1, 1996 [incorporated by reference to Exhibit 10(a) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, No. 001-10253]; as amended March 1, 1997 [incorporated by reference to Exhibit 10(e) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, No. 001-10253]	
10(e)-1	Agreement between William A. Cooper and TCF Financial Corporation and TCF National Bank dated January 25, 2005 [incorporated by reference to Exhibit 10(e)-1 to TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]	

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.

10(e)-2	Restricted Stock Agreement between William A. Cooper and TCF Financial Corporation dated January 25, 2005 [incorporated by reference to Exhibit 10(e)-2 to TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
10(f)*	Change in Control Agreement of William A. Cooper, dated July 1, 1996 [incorporated by reference to Exhibit 10(b) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, No. 001-10253]
10(g)*	Change in Control Agreement dated September 12, 2000 as executed by Thomas A. Cusick, Lynn A. Nagorske, Gregory J. Pulles, Barry N. Winslow, Neil W. Brown, Earl D. Stratton, Mark L. Jeter, Michael B. Johnstone and Timothy P. Bailey and dated November 1, 2000 as executed by Thomas J. Wagner [incorporated by reference to Exhibit 10(g) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, No. 001-10253]
10(i)*	Nonsolicitation and Confidentiality Agreement dated September 12, 2000 as executed by Thomas A. Cusick, Lynn A. Nagorske, Gregory J. Pulles, Barry N. Winslow, Neil W. Brown, Earl D. Stratton, Mark L. Jeter, Michael B. Johnstone and Timothy P. Bailey and dated November 1, 2000 as executed by Thomas J. Wagner [incorporated by reference to Exhibit 10(i) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, No. 001-10253]
10(j)	Supplemental Employee Retirement Plan - ESPP Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(j) of TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
10(j)-1	TCF Financial Corporation 2005 ESPP SERP adopted effective January 1, 2005, as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(j)-1 of TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
10(k)	Trust Agreement for TCF Financial Corporation Supplemental Employee Retirement Plan, dated August 21, 1991 [incorporated by reference to Exhibit 10.16 to TCF Financial Corporation's Registration Statement on Form S-2, filed November 15, 1991, No. 33-43988]; as amended on October 20, 1997 [incorporated by reference to Exhibit 10(n) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, No. 001-10253]; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(k) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, No. 001-10253]
10(l)	TCF Financial Corporation Senior Officer Deferred Compensation Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(l) to TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
10(m)	Amended and Restated Trust Agreement for TCF Financial Corporation Senior Officer Deferred Compensation Plan effective September 1, 1998; amendment adopted effective November 1, 1998 [incorporated by reference to Exhibit 10(p) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, No. 001-10253]; Restated Trust Agreement as executed with First National Bank in Sioux Falls as trustee effective as of October 1, 2000 [incorporated by reference to Exhibit 10(m) of TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31,

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
	2000, No. 001-10253]; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(m) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, No. 001-10253]; and as amended by amendments effective as of June 30, 2003 [incorporated by reference to Exhibit 10(m) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, No. 001-10253]	
10(n)	Directors Stock Program [incorporated by reference to Program filed with registrant's definitive proxy statement dated March 22, 1996, No. 001-10253]; amendment adopted June 20, 1998 [incorporated by reference to Exhibit 10 (q) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, No. 001-10253]; amendment adopted July 19, 2004 [incorporated by reference to Exhibit 10(n) to TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, No. 001-10253]	
10(o)	2003 Management Incentive Plan-Executive [incorporated by reference from TCF Financial Corporation's Report on Form 10-Q for the quarter ended March 31, 2003, No. 001-10253]; and 2004 Management Incentive Plan - Executive [incorporated by reference from TCF Financial Corporation's Report on Form 10-Q for the quarter ended March 31, 2004, No. 001-10253] and 2005 Management Incentive Plan - Executive [incorporated by reference to TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]	

10(p)	1996 Performance-Based Incentive Policy as amended and restated effective January 1, 2004, and approved by Shareholders of TCF Financial Corporation at the Annual Meeting on April 28, 2004 [incorporated by reference to Appendix A to TCF Financial Corporation's Definitive Proxy Statement filed with the SEC on March 17, 2004]
10(q)	Supplemental Pension Agreement with Robert E. Evans, dated July 9, 1991 [incorporated by reference to Exhibit 10.22 to TCF Financial Corporation's Registration Statement on Form S-4, No. 33-57290 (filed January 22, 1993)]
10(r)	TCF Financial Corporation 2005 Directors Deferred Compensation Plan as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(r) of TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
10(r)-1	TCF Directors 2005 Deferred Compensation Plan, adopted effective as of January 6, 2005, as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(r)-1 of TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]
10(s)	Trust Agreement for TCF Directors Deferred Compensation Plan; as amended by amendment adopted April 30, 2001 [incorporated by reference to Exhibit 10(s) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, No. 001-10253]; as amended by amendment adopted October 10, 2001 [incorporated by reference to Exhibit 10(s) of TCF Financial Corporation's Annual Report on Form 10-K for the year ended December 31, 2001, No. 001-10253]; and as amended by amendments adopted May 3, 2002 [incorporated by reference to Exhibit 10(s) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, No. 001-10253] ;and as amended by amendments effective as of June 30, 2003 [incorporated by reference to Exhibit 10(s) of TCF Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, No. 001-10253]
10(t)	TCF Directors Retirement Plan dated October 24, 1995 [incorporated by reference to Exhibit 10(y) to TCF Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, No. 001-10253]

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
10(u)	Supplemental Employee Retirement Plan for TCF Cash Balance Pension Plan, as amended and restated through January 24, 2005 [incorporated by reference to Exhibit 10(u) of TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]	
10(u)-1	TCF Financial Corporation 2005 Cash Balance Pension Plan SERP, adopted effective January 1, 2005, as amended and restated through January 27, 2005 [incorporated by reference to Exhibit 10(u)-1 of TCF Financial Corporation's Current Report on Form 8-K (filed January 27, 2005)]	
13#	TCF Financial Corporation 2004 Annual Report (portions incorporated by reference)	
21#	Subsidiaries of TCF Financial Corporation (as of December 31, 2004)	
23#	Consent of KPMG LLP dated February 28, 2005	
31#	Rule 13a-14(a)/15d-14(a) Certifications (Section 302 Certifications)	
32#	Statement Furnished Pursuant to Title 18 United States Code Section 1350 (Section 906 Certifications)	

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*	Executive Contract
#	Filed herein

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Section 2: EX-13 (EX-13)

(Dollars in thousands, except per-share data)	At or For the Year Ended December 31, 2004	2003	% Change
Operating Results:			
Interest income	**$ 622,809**	$ 641,519	(2.9)%
Interest expense	**130,918**	160,374	(18.4)
Net interest income	**491,891**	481,145	2.2
Provision for credit losses	**10,947**	12,532	(12.6)
Net interest income after provision for credit losses	**480,944**	468,613	2.6
Non-interest income:			
Fees and other revenues	**467,866**	430,792	8.6
Gains on sales of securities available for sale	**22,600**	32,832	(31.2)
Gains (losses) on termination of debt	**—**	(44,345)	100.0
Total non-interest income	**490,466**	419,279	17.0
Non-interest expense	**586,934**	560,109	4.8
Income before income tax expense	**384,476**	327,783	17.3
Income tax expense	**129,483**	111,905	15.7
Net income	**$ 254,993**	$ 215,878	18.1
Per Common Share Information:			
Basic earnings	**$ 1.87**	$ 1.53	22.2
Diluted earnings	**1.86**	1.53	21.6
Dividends declared	**.75**	.65	15.4
Stock price:			
High	**32.62**	27.13	
Low	**23.92**	18.25	
Close	**32.14**	25.68	25.2
Book value	**6.99**	6.53	7.0
Price to book value	**4.60X**	3.93X	17.0
Financial Ratios:			
Return on average assets	**2.15%**	1.85%	16.2
Return on average common equity	**27.02**	23.05	17.2
Net interest margin	**4.54**	4.54	—
Net charge-offs as a percentage of average loans and leases	**.11**	.16	(31.3)
Total equity to total assets at year end	**7.77**	8.14	(4.5)

(Dollars in thousands)	At December 31, 2004	2003	% Change
Selected Balance Sheet Data:			
Securities available for sale	**$ 1,619,941**	$ 1,533,288	5.7%
Residential real estate loans	**1,014,166**	1,212,643	(16.4)
Subtotal	**2,634,107**	2,745,931	(4.1)
Loans and leases excluding residential real estate loans	**8,372,491**	7,135,135	17.3
Goodwill	**152,599**	145,462	4.9
Mortgage servicing rights	**46,442**	52,036	(10.8)
Total assets	**12,340,567**	11,319,015	9.0
Checking, savings and money market deposits	**6,493,545**	5,999,626	8.2
Certificates of deposit	**1,468,650**	1,612,123	(8.9)
Total deposits	**7,962,195**	7,611,749	4.6
Short-term borrowings	**1,056,111**	878,412	20.2
Long-term borrowings	**2,048,492**	1,536,413	33.3
Stockholders' equity	**958,418**	920,858	4.1
Common shares outstanding	**137,186,160**	140,952,660	(2.7)

Management's Discussion and Analysis

Management's discussion and analysis of the consolidated financial condition and results of operations of TCF Financial Corporation ("TCF" or the "Company") should be read in conjunction with the consolidated financial statements and other financial data beginning on page 48.

OVERVIEW

TCF is a national financial holding company located in Wayzata, Minnesota. Its principal subsidiary, TCF National Bank, is headquartered in Minnesota and had 430 banking offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana at December 31, 2004.

TCF provides convenient financial services through multiple channels to customers located primarily in the Midwest. TCF has developed products and services designed to meet the needs of all consumers. The Company focuses on attracting and retaining customers through service and convenience, including branches that are open seven days a week and on most holidays, extensive full-service supermarket branches and automated teller machine ("ATM") networks, and telephone and Internet banking. TCF's philosophy is to generate net interest income and fees and other revenue growth through business lines that emphasize higher yielding assets and lower or no interest-cost deposits. The Company's growth strategies include new branch expansion and the development of new products and services. New products and services are designed to build on existing businesses and expand into complementary products and services through strategic initiatives.

TCF's core businesses are comprised of traditional and supermarket bank branches, campus banking, EXPRESS TELLER® ATM's, Visa U.S.A. Inc. ("Visa") debit cards, commercial banking, small business banking, consumer lending, leasing and equipment finance and investment, securities brokerage and insurance services. TCF emphasizes the checking account as its anchor account, which provides opportunities to cross-sell other convenience products and services and generate additional fee income. During 2004, TCF generated 504,310 new checking accounts and closed 412,979 accounts, or 28.6%, of the checking accounts existing at the beginning of the year, up from 27% in 2003. TCF's management monitors the opening and closing of accounts and is pursuing opportunities to reduce account attrition to further increase the growth in checking accounts. The continued growth in checking accounts is a significant part of TCF's growth strategy.

At December 31, 2004, 258, or 60%, of TCF's 430 branches were opened since January 1, 1998 and consist of 197 supermarket branches and 61 traditional branches. Opening new branches is an integral part of TCF's growth strategy for generating new deposit accounts and the related revenue that is associated with the accounts and other products. New branches typically produce net losses during the first 24-36 months of operations before they become profitable, and therefore the level and timing of new branch expansion can have a significant impact on TCF's profitability. TCF's growth in checking accounts is primarily occurring in new branches with growth in older, mature branches being slower. The success of TCF's branch expansion is dependent on the continued long-term success and viability of branch banking. Success in the supermarket branches is also dependent on the success and viability of the supermarket branch locations. Economic slowdowns, financial or labor difficulties and competitive pressures may have an adverse impact on the supermarket industry and therefore reduce customer activity in TCF's supermarket branches. TCF is subject to the risk, among others, that its license for its supermarket branches will terminate in connection with the sale or closure of a store by a supermarket chain.

TCF's lending strategy is to originate high credit quality, primarily secured, loans and leases. Commercial loans are generally made on local properties or to local customers. TCF's largest core lending business is its consumer home equity loan operation, which offers fixed- and variable-rate loans and lines of credit secured by residential real estate properties. The leasing and equipment finance businesses consist of Winthrop Resources Corporation ("Winthrop"), a leasing company that primarily leases technology and data processing equipment, and TCF Leasing, Inc. ("TCF Leasing"), a company that delivers equipment finance solutions to businesses in select markets. TCF's leasing and equipment finance businesses operate in all 50 states.

As a primarily secured lender, TCF emphasizes credit quality over asset growth. As a result, TCF's credit losses are generally lower than those experienced by other banks. The allowance for loan and lease losses, while generally lower as a percent of loans and leases than the average in the banking industry, reflects the lower historical charge-offs and management's expectation of the risk of loss inherent in the loan and lease portfolio. See "Consolidated Financial Condition Analysis – Allowance for Loan and Lease Losses."

Net interest income, the difference between interest income earned on loans and leases and on investments, and interest expense paid on deposits and short-term and long-term borrowings, represents 50.1% of TCF's total revenue. Net interest income can change significantly from period to period based on general levels of interest rates, customer prepayment patterns, the mix of interest earning assets and the mix of interest bearing and non-interest bearing deposits and borrowings. TCF manages the risk of changes in interest rates on its net interest income through an Asset/Liability Committee and through related interest rate risk monitoring and management policies. See "Market Risk – Interest-Rate Risk" for further discussion of TCF's interest rate risk position.

The historically low interest rates in 2003 and 2004 were a significant challenge to asset/liability risk and management made several key decisions that impacted TCF's results. These very low interest rates caused a high level of prepayment in the residential loan and mortgage-backed securities portfolio, which declined a combined $111.8 million during 2004 and $1.5 billion during 2003.

The Company's Visa debit card program has grown significantly since its inception in 1996. TCF is one of the largest issuers of Visa Classic debit cards in the United States. TCF earns interchange revenue from customer debit card transactions. During 2004, 88.7% of TCF's debit card sales volume was generated from off-line (signature based) transactions. The average interchange rate on these off-line transactions was 1.40% in 2004 compared with 1.43% in 2003. The decrease in the average off-line interchange rate was the result of Visa establishing new interchange rates, as part of the settlement of its class action lawsuits, which took effect in August 2003 and were revised in February 2004. Class action litigation against Visa brought by certain merchants who chose not to participate in the 2003 settlements remains pending. In October 2004, the United States Supreme Court decided not to hear an appeal of a ruling that Visa and MasterCard may not bar member banks from issuing cards on rival networks. Rival card networks, such as Discover and American Express, have brought or are considering bringing private legal action against Visa and MasterCard. Visa is a defendant in several other legal actions. The ultimate impact of any such litigation cannot be predicted at this time. The continued success of TCF's debit card program is dependent on the success and viability of Visa and the continued use by customers and acceptance by merchants of its debit cards.

TCF's mortgage banking business originated residential mortgage loans and sold them to investors, primarily retaining the servicing rights and related servicing revenue. 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 TCF's 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. Generally accepted accounting principles require TCF to record the value of the servicing rights on the balance sheet at the time the loans are sold. Capitalized mortgage servicing rights are amortized in proportion to, and over the period of, estimated related servicing revenues and are also evaluated quarterly for impairment. As interest rates fall, there is a higher probability of prepayment as the customer can generally refinance the loan with relative ease. In addition, as property values increase, customers' home equity increases, enabling customers to engage in "cash-out" refinance transactions where the customer refinances an existing mortgage into a higher balance loan in order to draw out the increased home equity. TCF does not utilize derivatives to manage the impairment risk in its capitalized mortgage servicing rights.

The following portions of the Management's Discussion and Analysis focus in more detail on the results of operations for 2004, 2003 and 2002 and on information about TCF's balance sheet, credit quality, liquidity and funding resources, capital, critical accounting estimates and other matters.

RESULTS OF OPERATIONS

Five Year Financial Summary

Consolidated Income:

(Dollars in thousands, except per-share data)	Year Ended December 31, 2004	2003	2002	2001	2000	Compound Annual Growth Rate 1-Year 2004/2003	5-Year 2004/1999
Total revenue	**$ 982,357**	$ 900,424	$ 918,987	$ 852,708	$ 774,812	**9.1%**	5.9%
Net interest income	**$ 491,891**	$ 481,145	$ 499,225	$ 481,222	$ 438,536	**2.2**	3.0
Provision for credit losses	**10,947**	12,532	22,006	20,878	14,772	**(12.6)**	(8.3)
Fees & other revenue	**467,866**	430,792	406,264	367,307	323,463	**8.6**	11.3
Other non-interest income	**22,600**	(11,513)	13,498	4,179	12,813	**N.M.**	(10.5)
Non-interest expense	**586,934**	560,109	539,288	501,996	457,202	**4.8**	5.6
Income before income tax expense	**384,476**	327,783	357,693	329,834	302,838	**17.3**	7.1
Income tax expense	**129,483**	111,905	124,762	122,512	116,593	**15.7**	3.9
Net income	**$ 254,993**	$ 215,878	$ 232,931	$ 207,322	$ 186,245	**18.1**	9.0
Per common share:							
Basic earnings	**$ 1.87**	$ 1.53	$ 1.58	$ 1.37	$ 1.18	**22.2**	13.1
Diluted earnings	**$ 1.86**	$ 1.53	$ 1.58	$ 1.35	$ 1.17	**21.6**	13.2
Dividends declared	**$ .75**	$ .65	$ .575	$ .50	$ .4125	**15.4**	15.7

N.M. Not Meaningful.

Consolidated Financial Condition:

(Dollars in thousands, except per-share data)	At December 31, 2004	2003	2002	2001	2000	Compound Annual Growth Rate 1-Year 2004/2003	5-Year 2004/1999
Securities available for sale	**$ 1,619,941**	$ 1,533,288	$ 2,426,794	$ 1,584,661	$ 1,403,888	**5.7%**	1.3%
Residential real estate loans	**1,014,166**	1,212,643	1,800,344	2,733,290	3,673,831	**(16.4)**	(23.7)
Subtotal	**2,634,107**	2,745,931	4,227,138	4,317,951	5,077,719	**(4.1)**	(13.5)
Loans and leases excluding residential real estate loans	**8,372,491**	7,135,135	6,320,784	5,510,912	4,872,868	**17.3**	16.1
Total assets	**12,340,567**	11,319,015	12,202,069	11,358,715	11,197,462	**9.0**	3.0
Checking, savings and money market deposits	**6,493,545**	5,999,626	5,791,233	4,778,714	4,086,219	**8.2**	11.8
Certificates of deposit	**1,468,650**	1,612,123	1,918,755	2,320,244	2,805,605	**(8.9)**	(12.6)
Total deposits	**7,962,195**	7,611,749	7,709,988	7,098,958	6,891,824	**4.6**	3.9
Borrowings	**3,104,603**	2,414,825	3,110,295	3,023,025	3,184,245	**28.6**	0.1
Stockholders' equity	**958,418**	920,858	977,020	917,033	910,220	**4.1**	3.4
Book value per common share	**6.99**	6.53	6.61	5.96	5.67	**7.0**	7.2

Key Ratios and Other Data:

	At or For the Year Ended December 31, 2004	2003	2002	2001	2000
Return on average assets	**2.15%**	1.85%	2.01%	1.79%	1.72%
Return on average equity	**27.02**	23.05	25.38	23.06	22.64

Average total equity to average assets	**7.94**	8.03	7.91	7.78	7.58
Net interest margin(1)	**4.54**	4.54	4.71	4.51	4.35
Common dividend payout ratio	**40.32%**	42.48%	36.39%	37.04%	35.26%
Number of banking locations	**430**	401	395	375	352
Number of checking accounts (in thousands)	**1,535**	1,444	1,338	1,249	1,131

(1) Net interest income divided by average interest-earning assets.

Performance Summary TCF reported diluted earnings per common share of $1.86 for 2004, compared with $1.53 for 2003 and $1.58 for 2002. Net income was $255 million for 2004, compared with $215.9 million for 2003 and $232.9 million for 2002. Return on average assets was 2.15% in 2004, compared with 1.85% in 2003 and 2.01% in 2002. Return on average equity was 27.02% in 2004, compared with 23.05% in 2003 and 25.38% in 2002. During 2003, TCF prepaid $954 million of high cost FHLB borrowings, incurring early termination fees of $44.3 million ($29.2 million after-tax) which reduced diluted earnings per share by 21 cents. There were no debt terminations in 2004 or 2002.

Operating Segment Results BANKING, comprised of deposits and investment products, commercial banking, small business banking, consumer lending, residential lending and treasury services, reported net income of $219.9 million for 2004, up 22% from $180.2 million in 2003. Banking net interest income for 2004 was $427.5 million, compared with $415.2 million for 2003. The provision for credit losses totaled $4.1 million in 2004, down slightly from $4.4 million in 2003. Non-interest income totaled $426.9 million, up 20.2% from $355.1 million in 2003. During 2003, TCF prepaid $954 million of FHLB advances and recorded losses on terminations of debt totaling $44.3 million. There were no debt terminations during 2004. During 2004, TCF sold mortgage-backed securities and realized gains of $22.6 million, compared with similar gains of $32.8 million for 2003. See "Consolidated Income Statement Analysis – Consolidated Net Interest Income" for further discussion on debt terminations and on the sales of mortgage-backed securities. Fees and other revenues were $404.3 million for 2004, up $37.7 million, or 10.3%, from 2003. These increases resulted from TCF's expanding branch network and customer base, new products and services, and increased fees. Banking non-interest expense totaled $516.6 million, up 5.6% from $489.2 million in 2003. The increases were primarily due to costs associated with new branch expansion.

TCF had 430 branches, including 248 full service supermarket branches at December 31, 2004. During 2004, TCF opened 30 new branches, of which 11 were supermarket branches. TCF remains focused on a long-term strategy of expanding its franchise with the planned opening of 29 new branches in 2005, consisting of 22 new traditional branches, five new supermarket branches and two campus branches. See "Consolidated Financial Condition Analysis – New Branch Expansion" for further information.

LEASING AND EQUIPMENT FINANCE, an operating segment comprised of TCF's wholly-owned subsidiaries Winthrop and TCF Leasing, which includes TCF Leasing's newly acquired business VGM Financial Services ("VGM"), provides a broad range of comprehensive lease and equipment finance products. During the first quarter of 2004, TCF Leasing acquired VGM, a company specializing in financing of home medical equipment. Leasing and Equipment Finance reported net income of $35.9 million for 2004, up 22.6% from $29.3 million in 2003. Net interest income for 2004 was $55.7 million, up 22.8% from $45.4 million in 2003. The provision for credit losses for this operating segment totaled $6.8 million in 2004, down from $8.2 million in 2003, primarily as a result of a decrease in net charge-offs. Non-interest income totaled $50.7 million in 2004, down $391 thousand from $51.1 million in 2003. Leasing and Equipment Finance revenues may fluctuate from period to period based on customer driven factors not entirely within the control of TCF. Non-interest expense totaled $43.7 million in 2004, up $1.7 million from $42 million in 2003. Included in non-interest expenses for 2004 was an impairment charge of $1.6 million related to a reduction in the estimated residual value of an aircraft leveraged lease investment.

MORTGAGE BANKING activities included the origination of residential mortgage loans, generally for sale to third parties with servicing retained and the servicing of loans for third party investors. This operating segment reported a net loss of $3.2 million for 2004, compared with net income of $2.9 million for 2003. TCF's mortgage banking operations funded $856.7 million in loans during 2004, down from $3 billion in 2003, primarily reflecting a decline in refinance activity as well as the restructuring of this business operation. Non-interest income totaled $14.3 million, up from $13.1 million in 2003. The increase in non-interest income was primarily due to a $28.1 million increase in net servicing income partially offset by a $26.9 million decline in gains on sales of loans and other income. See Note 10 of Notes to the Consolidated Financial Statements for further discussion. The prepayment rate on the third party servicing portfolio was 21.4% in 2004, down from 51.8% in 2003. Mortgage Banking's non-interest expense totaled $27.4 million for 2004, down 8.7% from $30 million for 2003. Contributing to the decrease in non-interest expense during 2004 were decreased expenses resulting from the decline in refinance activity and the elimination of wholesale loan origination activities and downsizing and integrating of the retail origination function with the consumer lending business. The Mortgage Banking operations recorded $2.3 million of expense related to the restructuring of its operations in 2004.

CONSOLIDATED INCOME STATEMENT ANALYSIS

Net Interest Income Net interest income, which is the difference between interest earned on loans and leases, securities available for sale, investments and other interest-earning assets (interest income), and interest paid on deposits and borrowings (interest expense), represented 50.1% of TCF's revenue in 2004. Net interest income divided by average interest-earning assets is referred to as the net interest margin, expressed as a percentage. Net interest income and net interest margin are affected by changes in interest rates, by loan and deposit pricing strategies and competitive conditions, the volume and the mix of interest-earning assets and interest-bearing liabilities, and the level of non-performing assets.

The following tables present TCF's average balance sheets, interest and dividends earned or paid, and the related yields and rates on major categories of TCF's interest-earnings assets and interest-bearing liabilities:

(Dollars in thousands)	Year Ended December 31, 2004 Average Balance	Interest[1]	Average Yields and Rates	Year Ended December 31, 2003 Average Balance	Interest[1]	Average Yields and Rates	Change Average Balance	Interest[1]	Average Yields and Rates (bps)
Assets:									
Investments	**$ 124,833**	**$ 3,455**	**2.77**%	$ 101,455	$ 4,511	4.45%	**$ 23,378**	**$ (1,056)**	**(168)**
Securities available for sale (2)	**1,536,673**	**80,643**	**5.25**	1,891,062	103,821	5.49	**(354,389)**	**(23,178)**	**(24)**
Loans held for sale	**331,529**	**11,533**	**3.48**	488,634	20,016	4.10	**(157,105)**	**(8,483)**	**(62)**
Loans and leases:									
Consumer	**4,005,558**	**245,439**	**6.13**	3,288,040	214,971	6.54	**717,518**	**30,468**	**(41)**
Commercial real estate	**2,008,943**	**110,446**	**5.50**	1,854,452	108,867	5.87	**154,491**	**1,579**	**(37)**
Commercial business	**431,793**	**18,569**	**4.30**	445,634	19,020	4.27	**(13,841)**	**(451)**	**3**
Leasing and equipment finance	**1,285,925**	**89,364**	**6.95**	1,094,532	81,912	7.48	**191,393**	**7,452**	**(53)**
Subtotal	**7,732,219**	**463,818**	**6.00**	6,682,658	424,770	6.36	**1,049,561**	**39,048**	**(36)**
Residential real estate	**1,104,814**	**63,360**	**5.73**	1,440,688	88,401	6.14	**(335,874)**	**(25,041)**	**(41)**
Total loans and leases(3)	**8,837,033**	**527,178**	**5.97**	8,123,346	513,171	6.32	**713,687**	**14,007**	**(35)**
Total interest-earning assets	**10,830,068**	**622,809**	**5.75**	10,604,497	641,519	6.05	**225,571**	**(18,710)**	**(30)**
Other assets	**1,052,679**			1,053,073			**(394)**		
Total assets	**$ 11,882,747**			$ 11,657,570			**$ 225,177**		
Liabilities and Stockholders' Equity:									
Non-interest bearing deposits	**$ 2,355,000**			$ 2,232,883			**$ 122,117**		
Interest-bearing deposits:									
Checking	**1,338,893**	**3,820**	**.29**	1,064,380	948	.09	**274,513**	**2,872**	**20**
Savings	**1,823,852**	**7,490**	**.41**	1,847,775	9,298	.50	**(23,923)**	**(1,808)**	**(9)**
Money market	**763,925**	**2,992**	**.39**	887,273	4,447	.50	**(123,348)**	**(1,455)**	**(11)**
Subtotal	**3,926,670**	**14,302**	**.36**	3,799,428	14,693	.39	**127,242**	**(391)**	**(3)**
Certificates of deposit	**1,493,938**	**28,279**	**1.89**	1,743,533	42,102	2.41	**(249,595)**	**(13,823)**	**(52)**
Total interest-bearing deposits	**5,420,608**	**42,581**	**.79**	5,542,961	56,795	1.02	**(122,353)**	**(14,214)**	**(23)**
Total deposits	**7,775,608**	**42,581**	**.55**	7,775,844	56,795	.73	**(236)**	**(14,214)**	**(18)**
Borrowings:									
Short-term borrowings	**809,106**	**12,664**	**1.57**	757,128	9,451	1.25	**51,978**	**3,213**	**32**
Long-term borrowings	**1,984,069**	**75,673**	**3.81**	1,778,671	94,128	5.29	**205,398**	**(18,455)**	**(148)**
Total borrowings	**2,793,175**	**88,337**	**3.16**	2,535,799	103,579	4.08	**257,376**	**(15,242)**	**(92)**
Total interest-bearing liabilities	**8,213,783**	**130,918**	**1.59**	8,078,760	160,374	1.99	**135,023**	**(29,456)**	**(40)**
Total deposits and borrowings	**10,568,783**	**130,918**	**1.24**	10,311,643	160,374	1.56	**257,140**	**(29,456)**	**(32)**
Other liabilities(4)	**370,184**			409,539			**(39,355)**		
Total liabilities	**10,938,967**			10,721,182			**217,785**		
Stockholders' equity (4)	**943,780**			936,388			**7,392**		
Total liabilities and stockholders' equity	**$ 11,882,747**			$ 11,657,570			**$ 225,177**		
Net interest income and margin		**$ 491,891**	**4.54**%		**$ 481,145**	4.54%		**$ 10,746**	**—**

bps = basis points.

(1) Tax-exempt income was not significant and thus interest income and related yields have not been presented on a tax equivalent basis. Tax-exempt income of $638,000 and $523,000 was recognized during the years ended December 31, 2004 and 2003, respectively.

(2) Average balance and yield of securities available for sale are based upon the historical amortized cost.

(3) Average balance of loans and leases includes non-accrual loans and leases, and is presented net of unearned income.

(4) Average balance is based upon month-end balances.

(Dollars in thousands)	Year Ended December 31, 2003 Average Balance	Interest[1]	Average Yields and Rates	Year Ended December 31, 2002 Average Balance	Interest[1]	Average Yields and Rates	Change Average Balance	Interest[1]	Average Yields and Rates (bps)
Assets:									
Investments	$ 101,455	$ 4,511	4.45%	$ 154,862	$ 6,934	4.48%	$ (53,407)	$ (2,423)	(3)
Securities available for sale (2)	1,891,062	103,821	5.49	1,879,674	118,272	6.29	11,388	(14,451)	(80)

Loans held for sale	488,634	20,016	4.10	437,702	22,464	5.13	50,932	(2,448)	(103)
Loans and leases:									
Consumer	3,288,040	214,971	6.54	2,712,812	207,492	7.65	575,228	7,479	(111)
Commercial real estate	1,854,452	108,867	5.87	1,746,207	118,355	6.78	108,245	(9,488)	(91)
Commercial business	445,634	19,020	4.27	435,488	22,699	5.21	10,146	(3,679)	(94)
Leasing and equipment finance	1,094,532	81,912	7.48	995,672	85,447	8.58	98,860	(3,535)	(110)
Subtotal	6,682,658	424,770	6.36	5,890,179	433,993	7.37	792,479	(9,223)	(101)
Residential real estate	1,440,688	88,401	6.14	2,227,537	151,700	6.81	(786,849)	(63,299)	(67)
Total loans and leases[3]	8,123,346	513,171	6.32	8,117,716	585,693	7.21	5,630	(72,522)	(89)
Total interest-earning assets	10,604,497	641,519	6.05	10,589,954	733,363	6.93	14,543	(91,844)	(88)
Other assets	1,053,073			1,020,550			32,523		
Total assets	$ 11,657,570			$ 11,610,504			$ 47,066		
Liabilities and Stockholders' Equity:									
Non-interest bearing deposits	$ 2,232,883			$ 1,893,916			$ 338,967		
Interest-bearing deposits:									
Checking	1,064,380	948	.09	915,720	1,479	.16	148,660	(531)	(7)
Savings	1,847,775	9,298	.50	1,560,539	15,924	1.02	287,236	(6,626)	(52)
Money market	887,273	4,447	.50	919,393	9,737	1.06	(32,120)	(5,290)	(56)
Subtotal	3,799,428	14,693	.39	3,395,652	27,140	.80	403,776	(12,447)	(41)
Certificates of deposit	1,743,533	42,102	2.41	2,108,708	68,246	3.24	(365,175)	(26,144)	(83)
Total interest-bearing deposits	5,542,961	56,795	1.02	5,504,360	95,386	1.73	38,601	(38,591)	(71)
Total deposits	7,775,844	56,795	.73	7,398,276	95,386	1.29	377,568	(38,591)	(56)
Borrowings:									
Short-term borrowings	757,128	9,451	1.25	573,935	9,903	1.73	183,193	(452)	(48)
Long-term borrowings	1,778,671	94,128	5.29	2,277,974	128,849	5.66	(499,303)	(34,721)	(37)
Total borrowings	2,535,799	103,579	4.08	2,851,909	138,752	4.87	(316,110)	(35,173)	(79)
Total interest-bearing liabilities	8,078,760	160,374	1.99	8,356,269	234,138	2.80	(277,509)	(73,764)	(81)
Total deposits and borrowings	10,311,643	160,374	1.56	10,250,185	234,138	2.28	61,458	(73,764)	(72)
Other liabilities[4]	409,539			442,404			(32,865)		
Total liabilities	10,721,182			10,692,589			28,593		
Stockholders' equity [4]	936,388			917,915			18,473		
Total liabilities and stockholders' equity	$ 11,657,570			$ 11,610,504			$ 47,066		
Net interest income and margin		$ 481,145	4.54%		$ 499,225	4.71%		$ (18,080)	(17)

bps = basis points.

(1) Tax-exempt income was not significant and thus interest income and related yields have not been presented on a tax equivalent basis. Tax-exempt income of $523,000 and $354,000 was recognized during the years ended December 31, 2003 and 2002, respectively.

(2) Average balance and yield of securities available for sale are based upon the historical amortized cost.

(3) Average balance of loans and leases includes non-accrual loans and leases, and is presented net of unearned income.

(4) Average balance is based upon month-end balances.

The following table presents the components of the changes in net interest income by volume and rate:

	Year Ended December 31, 2004 Versus Same Period in 2003 Increase (Decrease) Due to			Year Ended December 31, 2003 Versus Same Period in 2002 Increase (Decrease) Due to		
(In thousands)	**Volume[1]**	**Rate[1]**	**Total**	**Volume[1]**	**Rate[1]**	**Total**
Interest income:						
Investments	**$ 890**	**$ (1,946)**	**$ (1,056)**	$ (2,375)	$ (48)	$ (2,423)
Securities available for sale	**(18,761)**	**(4,417)**	**(23,178)**	713	(15,164)	(14,451)
Loans held for sale	**(5,775)**	**(2,708)**	**(8,483)**	2,421	(4,869)	(2,448)
Loans and leases:						
Consumer	**44,623**	**(14,155)**	**30,468**	40,204	(32,725)	7,479
Commercial real estate	**8,743**	**(7,164)**	**1,579**	7,026	(16,514)	(9,488)
Commercial business	**(594)**	**143**	**(451)**	518	(4,197)	(3,679)
Leasing and equipment finance	**13,597**	**(6,145)**	**7,452**	8,009	(11,544)	(3,535)
Residential real estate	**(19,557)**	**(5,484)**	**(25,041)**	(49,442)	(13,857)	(63,299)
Total interest income	**13,444**	**(32,154)**	**(18,710)**	1,006	(92,850)	(91,844)
Interest expense:						

Checking	**189**	**2,683**	**2,872**	209	(740)	(531)
Savings	**(119)**	**(1,689)**	**(1,808)**	2,535	(9,161)	(6,626)
Money market	**(566)**	**(889)**	**(1,455)**	(329)	(4,961)	(5,290)
Certificates of deposit	**(5,508)**	**(8,315)**	**(13,823)**	(10,602)	(15,542)	(26,144)
Short-term borrowings	**684**	**2,529**	**3,213**	2,693	(3,145)	(452)
Long-term borrowings	**9,982**	**(28,437)**	**(18,455)**	(26,838)	(7,883)	(34,721)
Total interest expense	**3,911**	**(33,367)**	**(29,456)**	1,396	(75,160)	(73,764)
Net interest income	**10,247**	**499**	**10,746**	685	(18,765)	(18,080)

(1) Changes attributable to the combined impact of volume and rate have been allocated proportionately to the change due to volume and the change due to rate.

Achieving net interest margin growth over time is dependent on TCF's ability to generate higher-yielding assets and lower-cost retail deposits. The net impact of the changes in interest-bearing assets and deposits and borrowings has positioned TCF to be asset sensitive (i.e. more assets than liabilities will be maturing, repricing, or prepaying during the next twelve months). Although this positive gap position may benefit TCF in a rising rate environment, if interest rates remain at current levels or fall further, the net interest margin may compress and net interest income may decline. An increase in interest rates would affect TCF's fixed-rate/variable-rate product origination mix and would extend the estimated life of its residential real estate loan and mortgage-backed securities portfolios. A change in origination mix and/or the extending of the estimated life of mortgage-related assets may have an adverse impact on future net interest income or net interest margin as fixed-rate assets are funded with interest-bearing liabilities with increasing rates. Competition for checking, savings and money market deposits, important sources of lower-cost funds for TCF, is intense. A decline in these low-cost deposits may have an adverse impact on future net interest income or net interest margin as TCF would need to replace these funds with short- or long-term borrowings which may have a higher interest cost. See "Consolidated Financial Condition Analysis – Market Risk – Interest-Rate Risk" and "Consolidated Financial Condition Analysis – Deposits" for further discussion on TCF's interest rate risk position.

The increase in 2004 in net interest income primarily reflects the growth in average consumer, commercial and leasing and equipment finance balances, up $1 billion over 2003, partially offset by the reductions in residential real estate loans and mortgage-backed securities, down $690.3 million from 2003, and residential mortgage loans held for sale down $179.9 million during the same period. The decrease in average residential real estate loans and mortgage-backed securities reflects management's decision to delay investing in long-term fixed-rate residential real estate loans and mortgage-backed securities to replace prepayments and sales of such assets during the very low interest rate environment coupled with the growth in higher yielding consumer, commercial and lease equipment finance loans and leases.

The decrease in 2003, from 2002, in both net interest income and net interest margin was primarily the result of a decline in the overall yield on interest-earning assets during 2003, partially offset by a decline in the overall cost of funds on interest-bearing liabilities. The yield on interest-earning assets declined 88 basis points from 6.93% for 2002 to 6.05% for 2003, while the overall cost of funds on interest-bearing liabilities declined 72 basis points to 1.56% for 2003. Interest income decreased $91.8 million in 2003, reflecting decreases of $92.9 million due to the decline in rates partially offset by a $1 million increase due to volume. Interest expense decreased $73.8 million in 2003, reflecting decreases of $75.2 million due to lower cost of funds, partially offset by a $1.4 million increase due to volume.

Net interest income and net interest margin in 2002 increased from 2001 primarily as a result of growth in average low-cost deposits (checking, savings and money market), up $997.8 million, or 23.2%, coupled with growth in higher-yielding loans and leases (commercial, consumer and lease equipment finance) of $724.6 million, or 14%, and lower borrowing costs. These increases were partially offset by a decrease of $850 million, or 17.1%, for 2002 in lower-yielding residential mortgages and mortgage-backed securities.

Provision for Credit Losses TCF provided $10.9 million for credit losses in 2004, compared with $12.5 million in 2003 and $22 million in 2002. The decrease in the provision from 2003 primarily reflects declines in net charge-offs. Net loan and lease charge-offs were $9.5 million, or .11% of average loans and leases in 2004, down from $12.9 million, or .16% of average loans and leases in 2003 and $20 million, or .25% of average loans and leases in 2002. Leasing and equipment finance net charge-offs were $5.5 million, or .43% of related average loans and leases during 2004, down from $7.5 million, or .69% of related average loans and leases in 2003. The determination of the allowance for loan and lease losses and the related provision for credit losses is a critical accounting estimate which involves a number of factors such as net charge-offs, delinquencies in the loan and lease portfolio, value of collateral, general economic conditions and management's assessment of credit risk in the current loan and lease portfolio. Also see "Consolidated Financial Condition Analysis – Allowance for Loan and Lease Losses."

Non-Interest Income Non-interest income is a significant source of revenue for TCF, representing 49.9% of total revenues in 2004, and is an important factor in TCF's results of operations. Providing a wide range of retail banking services is an integral component of TCF's business philosophy and a major strategy for generating additional non-interest income. Total non-interest income was $490.5 million for 2004, up $71.2 million from $419.3 million in 2003. Non-interest income totaled $419.8 million in 2002. Significantly impacting non-interest income during 2003 were losses on terminations of debt of $44.3 million, which were part of the strategy to restructure the balance sheet and reduce funding costs in future periods. There were no terminations of debt in either 2004 or 2002. Fees and other revenue increased $37.1 million, or 8.6%, during 2004. This increase in 2004 was driven by increased fees, service charges and card revenue generated by TCF's expanding branch network and customer base. The increases in fees and service charges and card revenue primarily reflect an increase in the number of checking accounts, which totaled 1,535,152 accounts at December 31, 2004, up from 1,443,821 accounts at December 31, 2003 and 1,338,313 accounts at December 31, 2002. The average annual fee revenue per retail checking account was $232 for 2004, compared with $227 for 2003 and $218 for 2002.

The following table presents the components of non-interest income:

	Year Ended December 31,					Compound Annual Growth Rate	
(Dollars in thousands)	2004	2003	2002	2001	2000	1-Year 2004/2003	5-Year 2004/1999
Fees and service charges	$ **271,664**	$ 247,456	$ 226,051	$ 195,162	$ 166,394	**9.8**%	14.5%
Card revenue	**63,312**	52,991	47,190	40,525	30,613	**19.5**	25.0
ATM revenue	**42,935**	43,623	45,296	45,768	47,334	**(1.6)**	(1.5)
Investments and insurance revenue	**12,558**	13,901	15,848	11,554	12,266	**(9.7)**	(3.3)
Subtotal	**390,469**	357,971	334,385	293,009	256,607	**9.1**	12.1
Leasing and equipment finance	**50,323**	51,088	51,628	45,730	38,442	**(1.5)**	12.0
Mortgage banking	**12,960**	12,719	6,979	12,042	10,519	**1.9**	.3
Other	**14,114**	9,014	13,272	16,526	17,895	**56.6**	1.9
Fees and other revenue	**467,866**	430,792	406,264	367,307	323,463	**8.6**	11.3
Gains on sales of:							
Securities available for sale	**22,600**	32,832	11,536	863	—		
Branches	**—**	—	1,962	3,316	12,813		
Gains (losses) on termination of debt	**—**	(44,345)	—	—	—		
Other non-interest income	**22,600**	(11,513)	13,498	4,179	12,813		
Total non-interest income	**$ 490,466**	$ 419,279	$ 419,762	$ 371,486	$ 336,276	**17.0**	9.4
Fee revenue per retail checking account (in dollars)	**$ 232**	$ 227	$ 218	$ 209	$ 190	**2.2**	6.7
Fees and other revenue as a:							
percentage of total revenue	**47.63**%	47.84%	44.21%	43.08%	41.75%		
percentage of average assets	**3.94**	3.70	3.50	3.18	2.98		

Fees and Service Charges Fees and service charges increased $24.2 million, or 9.8%, in 2004 and $21.4 million, or 9.5%, in 2003. This increase primarily reflects the impact of TCF's expanding branch network and customer base, new products and services, and increased fees.

Card Revenue During 2004, card revenue, primarily interchange fees, totaled $63.3 million, up 19.5%, from $53 million in 2003. The increase in card revenue in 2004 was primarily attributed to a 21.4% increase in sales volumes generated by increases in both active accounts and the number of transactions per active account, partially offset by a 3 basis point decline in average off-line interchange rates from 2003. Interchange fees have been impacted as a result of the settlement of certain merchant litigation against Visa in 2003. As part of the settlement, interchange rates on debit cards for certain merchants were reduced from August 2003 through February 2004. Additionally, as part of the settlement, Visa established new interchange rates for debit cards, which took effect in February 2004, and these rates increased from the rate established August 1, 2003; however, overall these new rates remained below the rates which were in effect prior to August 2003.

ATM Revenue ATM revenue totaled $42.9 million for 2004, down 1.6% from $43.6 million for 2003. The declines in ATM revenue were attributable to the continued decline in utilization of non-owned ATM machines by TCF customers and declines in utilization of TCF's ATM machines by non-customers partially offset by the increased number of TCF customers with cards. These declines resulted from increased use of debit cards as well as the increased competition from other ATM machine networks. Additionally, as ATM site contracts are renewed, merchants have generally required a larger percentage of the fee charged to non-customers for use of TCF's ATM's. At December 31, 2004, TCF had 1,141 EXPRESS TELLER® ATM machines, compared with 1,166 machines at December 31, 2003.

The following table sets forth information about TCF's card business:

	At or For the Year Ended December 31,			Percentage Increase (Decrease)	
(Dollars in thousands)	2004	2003	2002	2004/2003	2003/2002
Average number of checking accounts with a TCF card	**1,323,877**	1,193,936	1,087,592	**10.9%**	9.8%
Active card users	**710,893**	647,407	578,347	**9.8**	11.9
Average number of transactions per month	**13.5**	12.5	11.8	**8.0**	5.9
Sales volume for the year ended:					
Off-line (Signature)	**$ 4,197,678**	$ 3,543,657	$ 2,958,633	**18.5**	19.8
On-line (PIN)	**537,124**	355,045	257,560	**51.3**	37.8
Total	**$ 4,734,802**	$ 3,898,702	$ 3,216,193	**21.4**	21.2
Percentage off-line	**88.66**%	90.89%	91.99%	**(2.5)**	(1.2)
Average off-line interchange rate	**1.40**%	1.43%	1.55%	**(2.1)**	(7.7)

Investments and Insurance Revenue Investments and insurance revenue, consisting principally of commissions on sales of annuities and mutual funds, decreased $1.3 million in 2004, compared with a decrease of $1.9 million in 2003. Annuity and mutual fund sales volumes totaled $212.2 million for the year ended December 31, 2004, compared with $239.5 million during 2003. The decreased sales volumes during 2004 were the result of the continuation of low interest rates which reduced the rate of return on annuity products offered by insurance companies. Sales of insurance and investment products may fluctuate from period to period, and future sales levels will depend upon general economic conditions and investor preferences. Sales of annuities will also depend upon their continued tax advantage and may be negatively impacted by the level of interest rates and alternative investment products.

Leasing and Equipment Finance Revenue Leasing and equipment finance revenues decreased $765 thousand, or 1.5%, in 2004, following a decrease of $540 thousand or 1%, in 2003. The decrease in leasing revenues for 2004 was primarily driven by a decline in operating lease revenues of $6.1 million, partially offset by a $3.3 million increase in sales-type lease revenues and a $2 million increase in other leasing revenues during 2004. Sales-type revenues generally occur at or near the end of the lease term as customers extend the lease or purchase the underlying equipment. As Winthrop's outstanding lease receivables have declined and coupled with the period new leases take to reach the end of term, it is anticipated that sales-type revenues in 2005 will be lower than those achieved in 2004 and 2003. The decrease in leasing revenues for 2003 was primarily driven by a decline in sales-type revenues of $3 million in 2003, partially offset by a $2 million increase in operating lease revenues during 2003. Leasing and equipment finance revenues may fluctuate from period to period based on customer-driven factors not entirely within the control of TCF.

Mortgage Banking Revenue 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 TCF's 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. As a result, gains on sales of loans declined as origination volumes declined in 2004, and there will be no gains on sales of loans in 2005. The increase in mortgage banking revenues during 2003 was primarily due to increased gains on sales of loans, up $15.4 million over 2002, partially offset by a $9.5 million increase in amortization and provision for impairment of mortgage servicing rights related to the sustained high level of prepayments in 2003.

The following table sets forth information about mortgage banking revenues:

(Dollars in thousands)	Year Ended December 31, 2004	2003	2002	2001	2000
Servicing income	**$ 17,349**	$ 20,533	$ 20,443	$ 16,932	$ 12,642
Less mortgage servicing:					
Amortization	**13,091**	23,680	22,874	16,564	5,326
Provision for impairment	**1,500**	21,153	12,500	4,400	—
Subtotal	**14,591**	44,833	35,374	20,964	5,326
Net servicing income (loss)	**2,758**	(24,300)	(14,931)	(4,032)	7,316
Gains on sales of loans	**8,107**	33,505	18,110	11,795	1,347
Other income	**2,095**	3,514	3,800	4,279	1,856
Total mortgage banking revenue	**$ 12,960**	$ 12,719	$ 6,979	$ 12,042	$ 10,519

The following table sets forth information about the mortgage servicing portfolio:

(Dollars in thousands)	At December 31, 2004	2003	2002	Percentage Increase (Decrease) 2004/2003	2003/2002
Third party servicing portfolio	**$ 4,503,564**	$ 5,122,741	$ 5,576,066	**(12.1)%**	(8.1)%
Weighted average note rate	**5.78%**	5.97%	6.64%	**(3.2)**	(10.1)
Capitalized mortgage servicing rights, net	**$ 46,442**	$ 52,036	$ 62,644	**(10.8)**	(16.9)
Mortgage servicing rights as a percentage of servicing portfolio	**1.03%**	1.02%	1.12%	**1.0**	(8.9)
Average servicing fee	**31.0bps**	31.7bps	32.9bps	**(2.2)**	(3.6)
Mortgage servicing rights as a multiple of average servicing fee	**3.3X**	3.2X	3.4X	**3.1**	(5.9)

bps = basis points.

Mortgage servicing revenues can be significantly impacted by the amount of amortization and provision for impairment of mortgage servicing rights. The valuation of mortgage servicing rights is a critical accounting estimate for TCF. This estimate is based upon loan types, note rates and prepayment assumptions. Changes in the mix of loans, interest rates, defaults or prepayment speeds may have a material effect on the amortization amount and possible impairment in valuation. In a declining interest rate environment, prepayment speed assumptions will increase and result in an acceleration in the amortization of the mortgage servicing rights as the assumed underlying portfolio declines and also may result in impairment as the value of the mortgage servicing rights decline. TCF periodically evaluates its capitalized mortgage servicing rights for impairment. A key component in determining the fair value of mortgage servicing rights is the projected cash flows of the underlying loan portfolio. TCF uses projected cash flows and related prepayment assumptions based on management's best estimates. See Notes 1 and 10 of Notes to Consolidated Financial Statements for additional information concerning TCF's mortgage servicing rights.

The following tables summarize the servicing portfolio by interest rate tranche, the prepayment speed assumptions and the weighted average remaining life of the loans by interest rate tranche used in the determination of the value and amortization of mortgage servicing rights as of December 31, 2004 and 2003:

(Dollars in thousands)	At December 31, 2004 Unpaid	2004 Prepayment Speed	2004 Weighted Average Life	2003 Unpaid	2003 Prepayment Speed	2003 Weighted Average Life

Interest Rate Tranche	Balance	Assumption	(in Years)	Balance	Assumption	(in Years)
0 to 5.50%	**$ 1,707,934**	**11.3%**	**7.5**	$ 1,648,918	13.3%	7.2
5.51 to 6.00%	**1,409,983**	**16.1**	**5.8**	1,407,315	17.9	5.6
6.01 to 6.50%	**691,148**	**23.2**	**4.0**	830,161	25.4	3.8
6.51 to 7.00%	**453,017**	**25.6**	**3.4**	740,675	31.8	2.7
7.01% and higher	**241,482**	**27.6**	**3.0**	495,672	35.5	2.3
	$ 4,503,564	**15.8**	**5.8**	$ 5,122,741	19.0	5.1

At December 31, 2004 and 2003, the sensitivities of the current fair value of mortgage servicing rights to a hypothetical immediate 10% and 25% adverse change in prepayment speed assumptions and discount rate are as follows:

	At December 31,	
(Dollars in millions)	2004	2003
Fair value of mortgage servicing rights	**$ 55.9**	$ 58.0
Weighted-average life (in years)	**5.8**	5.1
Weighted average prepayment speed assumption	**15.8%**	19.0%
Weighted average discount rate	**7.5%**	7.5%
Impact on fair value of 10% adverse change in prepayment speed assumptions	**$ (3.1)**	$ (3.2)
Impact on fair value of 25% adverse change in prepayment speed assumptions	**$ (7.1)**	$ (7.4)
Impact on fair value of 10% adverse change in discount rate	**$ (1.5)**	$ (1.3)
Impact on fair value of 25% adverse change in discount rate	**$ (3.4)**	$ (3.3)

These sensitivities are theoretical and should be used with caution. As the figures indicate, changes in fair value based on a given variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in the above table, the effect of a variation in a particular assumption on the fair value of the mortgage servicing rights is calculated independently without changing any other assumptions. In reality, changes in one factor may result in changes in another (for example, changes in prepayment speed estimates could result in changes in discount rates or market interest rates), which might either magnify or counteract the sensitivities. TCF does not use derivatives to hedge its mortgage servicing rights asset.

Other Non-interest Income Other non-interest income consists of gains on sales of securities available for sale, gains on sales of education loans, losses on termination of debt and gains on sales of branches.

Gains on securities available for sale of $22.6 million, $32.8 million and $11.5 million were recognized on the sales of $1.4 billion, $816.5 million and $473.9 million in mortgage-backed securities in 2004, 2003 and 2002, respectively. Gains of $7.8 million, $3.1 million and $2.7 million were recognized on the sales of education loans in 2004, 2003 and 2002, respectively. Also, as previously discussed, TCF prepaid $954 million of fixed-rate FHLB advances during 2003, and recorded losses on terminations of debt of $44.3 million in 2003. There were no prepayments of debt during 2004 or 2002. There were no branch sales during 2004 or 2003. During 2002, TCF recognized a gain of $2 million on the sale of a branch with $17.1 million in deposits. TCF may periodically sell branches that it considers underperforming or have limited growth potential.

Non-Interest Expense Non-interest expense increased $26.8 million, or 4.8%, in 2004, and $20.8 million, or 3.9%, in 2003, and $37.3 million, or 7.4%, in 2002, compared with the respective prior years. The following table presents the components of non-interest expense:

	Year Ended December 31,					Compound Annual Growth Rate	
						1-Year	5-Year
(Dollars in thousands)	2004	2003	2002	2001	2000	2004/2003	2004/1999
Compensation	**$ 273,083**	$ 256,447	$ 254,341	$ 234,029	$ 209,479	**6.5%**	5.7%
Employee benefits	**49,741**	46,357	39,954	32,789	29,455	**7.3**	9.9
Total compensation and employee benefits	**322,824**	302,804	294,295	266,818	238,934	**6.6**	6.2
Occupancy and equipment	**95,617**	88,423	83,131	78,774	74,938	**8.1**	5.4
Advertising and promotions	**26,353**	25,536	21,894	20,909	19,181	**3.2**	9.2
Deposit account losses	**22,624**	18,820	19,206	19,236	19,534	**20.2**	5.7
Other	**119,516**	124,526	120,762	108,482	96,909	**(4.0)**	4.9
Subtotal	**586,934**	560,109	539,288	494,219	449,496	**4.8**	5.9
Amortization of goodwill	**—**	—	—	7,777	7,706	**—**	—
Total non-interest expense	**$ 586,934**	$ 560,109	$ 539,288	$ 501,996	$ 457,202	**4.8**	5.6

Compensation and employee benefits, representing 55%, 54.1% and 54.6% of total non-interest expense in 2004, 2003 and 2002, respectively, increased $20 million, or 6.6%, in 2004, $8.5 million, or 2.9%, in 2003 and $27.5 million, or 10.3%, in 2002. The 2004 increase in compensation expense of 6.5% was driven by a $9.5 million increase in retail banking operations driven by TCF's continued new branch expansion, a $6.7 million increase in incentive compensation resulting from improved performance in 2004 and a $2.1 million increase related to the 2004 acquisition of VGM, partially offset by a $2.9 million decrease in stock compensation expense. Compensation expense increased $2.1 million, or .8%, in 2003 and was primarily due to higher levels of mortgage banking production and costs associated with branches opened during 2003 and 2002, partially offset by a $1.7 million decline in stock compensation expense. The 2002 increase of 8.7% in compensation expense was primarily due to costs associated with new branch expansion and the addition of lenders and sales representatives. In 2004, employee benefits totaled $49.7 million, up 7.3%, from 2003, and resulted from an increase in retirement, payroll taxes and medical expenses of $3.8 million. The 2003 and 2002 increases in employee benefits expense of $6.4 million, and $7.2 million, respectively, were primarily driven by increases in retirement and medical expenses. See Note 18 of Notes to Consolidated Financial Statements for further information on postretirement plans.

Occupancy and equipment expenses increased $7.2 million in 2004, $5.3 million in 2003 and $4.4 million in 2002. The increases were primarily due to TCF's new branch expansion and retail banking and leasing activities.

Advertising and promotion expenses increased $817 thousand in 2004 following increases of $3.6 million in 2003 and $985 thousand in 2002. The increases were attributable to additional advertising and promotions expenses focused on the acquisition and retention of TCF's deposit customer base.

Deposit account losses totaled $22.6 million in 2004, up $3.8 million from 2003 as a result of increased customer transaction activity. Deposit account losses declined in 2003 and 2002 by $386 thousand and $30 thousand, respectively.

Other non-interest expense decreased $5 million, or 4%, in 2004, primarily attributable to real estate expense, which decreased $3.1 million to a negative $175 thousand in 2004 driven by $3.4 million of net recoveries on sales and redemptions of properties and a decrease in mortgage banking expenses of $2 million due to the decline in refinance activity and the previously discussed restructuring of the mortgage banking business. In 2003, other non-interest expense increased $3.8 million, or 3.1%, primarily the result of higher levels of mortgage banking production and prepayment activity. In 2002, other non-interest expense increased $12.3 million, or 11.3%, primarily the result of increased expenses associated with expanded retail banking and leasing operations, card processing expense resulting from increased utilization and higher levels of production and prepayment activity in the mortgage banking business. A summary of other expense is presented in Note 24 of Notes to Consolidated Financial Statements.

Income Taxes Income tax expense represented 33.68% of income before income tax expense during 2004, compared with 34.14% and 34.88% in 2003 and 2002, respectively. The lower effective tax rate in 2004 and 2003 primarily reflects increases in investments in tax advantaged affordable housing limited partnerships and lower state and local income taxes.

TCF has a Real Estate Investment Trust ("REIT") and a related foreign operating company that acquire, hold and manage mortgage assets and other authorized investments to generate income. These companies are consolidated with TCF National Bank and are therefore included in the consolidated financial statements of TCF Financial Corporation. The REIT and related companies must meet specific provisions of the Internal Revenue Code ("IRC") and state tax laws. If these companies fail to meet any of the required provisions of Federal and state tax laws, TCF's tax expense could increase. TCF's related companies have included companies that operate under provisions of the laws in certain states in which TCF operates (including Minnesota and Illinois) that allow deductions for income derived from foreign operating companies. Use of these companies has been the subject of administrative audit reviews, and proposed legislative change. Unfavorable developments in any of these areas could substantially increase TCF's state tax liability.

The determination of current and deferred income taxes is a critical accounting estimate which is based on complex analyses of many factors including interpretation of Federal and state income tax laws, the differences between the tax and financial reporting bases of assets and liabilities (temporary differences), estimates of amounts due or owed such as the timing of reversal of temporary differences and current financial accounting standards. Additionally, there can be no assurances that estimates and interpretations used in determining income tax liabilities may not be challenged by Federal and state taxing authorities. Actual results could differ significantly from the estimates and tax law interpretations used in determining the current and deferred income tax liabilities. In addition, under generally accepted accounting principles, deferred income tax assets and liabilities are recorded at the current prevailing Federal and state income tax rates. If such rates change, deferred income tax assets and liabilities must be adjusted in the period of change through a charge or credit to the Consolidated Statements of Income. Further detail on income taxes is provided in Note 14 of Notes to Consolidated Financial Statements.

CONSOLIDATED FINANCIAL CONDITION ANALYSIS

Securities Available for Sale Securities available for sale increased $86.7 million during 2004 to $1.6 billion at December 31, 2004. This increase reflects purchases of $1.9 billion of mortgage-backed securities during 2004, partially offset by sales of $1.4 billion of mortgage-backed securities, in which the company recognized $22.6 million in gains on sales of securities available for sale, and normal payment and prepayment activity. TCF's securities available for sale portfolio included $1.6 billion and $10.2 million of fixed-rate and adjustable-rate mortgage-backed securities, respectively. Net unrealized losses on securities available for sale totaled $2.2 million at December 31, 2004, compared with net unrealized gains of $8.9 million at December 31, 2003. TCF may, from time to time, sell additional mortgage-backed securities and utilize the proceeds to either reduce borrowings or to fund growth in loans and leases.

Loans Held for Sale Loans held for sale includes education and residential mortgage loans. Education loans held for sale were $154.3 million and $234.3 million at December 31, 2004 and 2003, respectively. Education loans are generally sold when the student graduates or drops below half-time status. Residential mortgage loans held for sale were part of TCF's mortgage banking business that was restructured in 2004. At December 31, 2004, TCF had no residential mortgage loans held for sale, compared with $101 million in residential mortgage loans held for sale at December 31, 2003. TCF does not anticipate selling residential loans in the secondary market in the future.

Loans and Leases The following tables set forth information about loans and leases held in TCF's portfolio, excluding loans held for sale:

(Dollars in thousands)	At December 31,					Compound Annual Growth Rate	
						1-Year	5-Year
Portfolio Distribution:	2004	2003	2002	2001	2000	2004/2003	2004/1999
Consumer	**$ 4,418,588**	$ 3,630,341	$ 3,005,882	$ 2,509,333	$ 2,234,134	**21.7%**	16.5%

Commercial real estate		2,154,396		1,916,701		1,835,788		1,622,461		1,371,841	12.4	14.9
Commercial business		424,135		427,696		440,074		422,381		410,422	(.8)	3.8
Leasing and equipment finance		1,375,372		1,160,397		1,039,040		956,737		856,471	18.5	22.8
Subtotal		8,372,491		7,135,135		6,320,784		5,510,912		4,872,868	17.3	16.1
Residential real estate		1,014,166		1,212,643		1,800,344		2,733,290		3,673,831	(16.4)	(23.7)
Total loans and leases	$	9,386,657	$	8,347,778	$	8,121,128	$	8,244,202	$	8,546,699	12.4	3.5

(In thousands)	At December 31, 2004				
Geographic Distribution:	**Consumer**	**Commercial**	**Leasing and Equipment Finance**	**Residential Real Estate**	**Total**
Minnesota	$ 1,789,382	$ 733,203	$ 63,624	$ 517,854	$ 3,104,063
Michigan	776,654	770,265	89,694	261,678	1,898,291
Illinois	1,151,067	430,477	47,926	173,103	1,802,573
Wisconsin	429,725	369,669	35,361	28,104	862,859
Colorado	227,630	33,521	30,284	6,459	297,894
California	645	22,794	175,154	—	198,593
Florida	9,350	23,245	94,891	744	128,230
Texas	474	1,339	88,919	1,200	91,932
Ohio	4,698	20,488	54,019	5,760	84,965
Other	28,963	173,530	695,500	19,264	917,257
Total	$ 4,418,588	$ 2,578,531	$ 1,375,372	$ 1,014,166	$ 9,386,657

Loans and leases increased $1 billion from year-end 2003 to $9.4 billion at December 31, 2004, reflecting increases of $788.2 million in consumer loans, $237.7 million in commercial real estate loans and $215 million in leasing and equipment finance, partially offset by decreases of $198.5 million in residential real estate loans and $3.6 million in commercial business loans. The decline in residential real estate loans during 2004 was due to prepayments. Management expects that the residential loan portfolio will continue to decline, which will provide funding for anticipated growth in other loan or investment categories. At December 31, 2004, TCF's residential real estate loan portfolio was comprised of $782.1 million of fixed-rate loans and $226.9 million of adjustable-rate loans.

Consumer loans increased $788.2 million from year-end 2003 to $4.4 billion at December 31, 2004, driven by an increase of $794 million in home equity loans. Approximately 66% of the home equity portfolio at December 31, 2004 consisted of closed end loans, compared with 70% at December 31, 2003. In addition, at December 31, 2004, 62% of this portfolio carries a variable interest rate tied to the prime rate, compared with 60% at December 31, 2003. Outstanding balances on home equity lines of credit were 49.6% of total lines of credit balances at December 31, 2004, compared with 45.4% at December 31, 2003.

At December 31, 2004, the weighted average loan-to-value ratio for the home equity portfolio was 75%, compared with 74% at December 31, 2003. TCF's credit standards limit higher loan-to-value ratio loans to more creditworthy customers, generally based on credit scoring models. The average FICO (Fair Isaac Company) credit score for the home equity portfolio was 716 and 711 at December 31, 2004 and 2003, respectively.

The following table sets forth additional information about the loan-to-value ratios for TCF's home equity loan portfolio:

(Dollars in thousands)	At December 31,					
	2004			2003		
Loan-to-Value Ratios [1]	**Balance**	**Percent of Total**	**Over 30-Day Delinquency as a Percentage of Balance**	**Balance**	**Percent of Total**	**Over 30-Day Delinquency as a Percentage of Balance**
Over 100% [2]	$ 32,825	.7%	3.02%	$ 39,452	1.1%	4.81%
Over 90% to 100%	449,291	10.3	.38	361,374	10.1	.78
Over 80% to 90%	1,750,531	39.9	.32	1,370,523	38.2	.40
80% or less	2,149,369	49.1	.32	1,816,678	50.6	.39
Total	$ 4,382,016	100.0%	.35%	$ 3,588,027	100.0%	.48%

(1) Loan-to-value is based on the loan amount (current outstanding balance on closed-end loans and the total commitment on lines of credit) plus deferred loan origination costs net of fees and refundable insurance premiums, if any, plus the amount of senior liens, if any. Property values represent the most recent market value or property tax assessment value known to TCF.

(2) Amount reflects the total outstanding loan balance. The portion of the loan balance in excess of 100% of the property value is substantially less than the amount included above.

The following tables summarize TCF's commercial real estate loan portfolio by property type:

At December 31,	
2004	**2003**
Construction	**Construction**

(Dollars in thousands)	Permanent	and Development	Total	Permanent	and Development	Total
Apartments	**$ 524,253**	**$ 2,795**	**$ 527,048**	$ 519,622	$ 28,983	$ 548,605
Office buildings	**420,874**	**35,865**	**456,739**	399,112	33,262	432,374
Retail services	**382,068**	**28,142**	**410,210**	304,295	10,139	314,434
Warehouse/industrial buildings	**258,561**	**1,729**	**260,290**	189,635	1,253	190,888
Hotels and motels	**122,236**	**15,700**	**137,936**	131,367	19,270	150,637
Health care facilities	**44,344**	**9,308**	**53,652**	32,157	17,664	49,821
Other	**205,340**	**103,181**	**308,521**	169,247	60,695	229,942
Total	**$ 1,957,676**	**$ 196,720**	**$ 2,154,396**	$ 1,745,435	$ 171,266	$ 1,916,701

	At December 31,					
	2004			2003		
(Dollars in thousands)	Balance	Number of Loans	Over 30-Day Delinquency as a Percentage of Balance	Balance	Number of Loans	Over 30-Day Delinquency as a Percentage of Balance
Apartments	**$ 527,048**	**650**	**—%**	$ 548,605	730	—%
Office buildings	**456,739**	**241**	**—**	432,374	304	—
Retail services	**410,210**	**375**	**—**	314,434	282	—
Warehouse/industrial buildings	**260,290**	**243**	**—**	190,888	172	—
Hotels and motels	**137,936**	**35**	**—**	150,637	35	—
Health care facilities	**53,652**	**26**	**—**	49,821	17	—
Other	**308,521**	**292**	**.01**	229,942	200	.03
Total	**$ 2,154,396**	**1,862**	**—%**	$ 1,916,701	1,740	—%

Commercial real estate loans increased $237.7 million from year-end 2003 to $2.2 billion at December 31, 2004. Commercial business loans decreased $3.6 million in 2004 to $424.1 million at December 31, 2004. TCF continues to expand its commercial business and commercial real estate lending activity generally to borrowers located in its primary markets. With a focus on secured lending, at December 31, 2004, approximately 98% of TCF's commercial real estate and commercial business loans were secured either by properties or underlying business assets. At December 31, 2004 and 2003, the construction and development portfolio had no loans over 30-days delinquent. At December 31, 2004, approximately 92% of TCF's commercial real estate loans outstanding were secured by properties located in its primary markets.

The following tables summarize TCF's leasing and equipment finance portfolio by marketing segment and by equipment type:

(Dollars in thousands)	At December 31,					
	2004			2003		
Marketing Segment	Balance	Percent of Total	Over 30-Day Delinquency as a Percentage of Balance	Balance	Percent of Total	Over 30-Day Delinquency as a Percentage of Balance
Middle Market[(1)]	**$ 747,964**	**54.3%**	**.51%**	$ 595,812	51.3%	.88%
Small ticket[(2)]	**258,094**	**18.8**	**.75**	124,178	10.7	.56
Winthrop[(3)]	**200,819**	**14.6**	**1.10**	229,441	19.8	1.14
Wholesale [(4)]	**83,913**	**6.1**	**—**	80,983	7.0	.37
Leveraged leases	**18,786**	**1.4**	**—**	22,728	2.0	—
Other	**65,796**	**4.8**	**1.68**	107,255	9.2	1.78
Total	**$ 1,375,372**	**100.0%**	**.67%**	$ 1,160,397	100.0%	.93%

(1) Middle market consists primarily of loan and lease financing of construction and manufacturing equipment and speciality vehicles.

(2) Small ticket includes loan and lease financings to small- and mid-size companies through programs with vendors, manufacturers, distributors, buying groups, and franchise organizations, which as of December 31, 2004 includes the portfolio of VGM. Individual contracts generally range from $25 thousand to $250 thousand.

(3) Winthrop's portfolio consists primarily of technology and data processing equipment.

(4) Wholesale includes the discounting of lease receivables sourced by third party lessors.

(Dollars in thousands)	At December 31,			
	2004		2003	
Equipment Type	Balance	Percent of Total	Balance	Percent of Total
Manufacturing	**$ 251,157**	**18.2%**	$ 198,321	17.1%

Specialty vehicles	**236,582**	**17.2**	225,073	19.4
Technology and data processing	**229,160**	**16.7**	249,515	21.5
Construction	**182,612**	**13.3**	133,104	11.5
Medical	**157,745**	**11.5**	33,462	2.9
Trucks and trailers	**74,870**	**5.4**	89,262	7.7
Furniture and fixtures	**51,192**	**3.7**	54,052	4.7
Printing	**45,394**	**3.3**	38,977	3.3
Material handling	**33,810**	**2.5**	27,111	2.3
Aircraft	**22,556**	**1.6**	23,965	2.1
Other	**90,294**	**6.6**	87,555	7.5
Total	**$ 1,375,372**	**100.0%**	$ 1,160,397	100.0%

The leasing and equipment finance portfolio increased $215 million from December 31, 2003 to $1.4 billion at December 31, 2004. This increase in the leasing and equipment finance portfolio was impacted by TCF Leasing's acquisition of VGM in 2004 which added $103.2 million of portfolio balances to the small ticket marketing segment and the medical equipment type and was net of a $28.6 million decline in the Winthrop lease portfolio. Winthrop primarily leases technology and data processing equipment to companies nationwide. Technology spending has slowed during the past few years due to a variety of issues, including general economic uncertainty. In addition, the low interest rate environment and temporary tax law changes have led many companies to consider the viability of purchasing technology versus Winthrop's value-added lease alternative. These factors have contributed to reduced levels of new lease originations at Winthrop. TCF continues to focus attention on increasing sales efforts at Winthrop to increase overall portfolio balances. At December 31, 2004 and 2003, $48.5 million, and $66.4 million, respectively, of TCF's lease portfolio, were discounted on a non-recourse basis with other third-party financial institutions and consequently TCF retains no credit risk on such amounts. The leasing and equipment finance portfolio tables above include lease residuals. Lease residuals represent the estimated fair value of the leased equipment at the expiration of the initial term of the transaction and are reviewed on an ongoing basis. Any downward revisions are recorded in the periods in which they become known. At December 31, 2004, lease residuals, excluding leveraged lease residuals, totaled $35.2 million, up from $34.2 million at December 31, 2003.

The lease residuals on leveraged leases are included in investments in leveraged leases and represent a 100% equity interest in a Boeing 767-300 aircraft leased to Delta Airlines, Inc. ("Delta"). The investment in leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of the leased assets less related unearned income. TCF has no obligation for principal and interest on the notes representing the third-party participation related to this leveraged lease. However, these noteholders have a security interest in the aircraft which is superior to TCF's equity interest. Such notes, which totaled $19.2 million at December 31, 2004, down from $22.6 million at December 31, 2003, are recorded as an offset against the related rental receivable. In January 2005, these notes were further reduced to $15.6 million after Delta made its scheduled payment. During the second quarter of 2004, TCF completed its annual review of the lease residual value assumption for this aircraft and reduced the estimated residual value by $4.4 million. As required under Statement of Financial Accounting Standards ("SFAS") No. 13, "Accounting for Leases," TCF recognized an impairment charge of $1.6 million which was recorded in other non-interest expense. The remaining reduction will be amortized through reduced yield on the investment over the remaining years of the lease as prescribed by SFAS No. 13. In 2004, TCF downgraded its credit rating on the aircraft leveraged lease and classified its investment as substandard and placed the lease on non-accrual status. Although Delta is current on its payments related to this transaction, if Delta declares bankruptcy, it would likely result in the charge-off of TCF's $18.8 million investment in the leveraged lease and the current payment of previously deferred income tax obligations. This lease represents TCF's only material direct exposure to the commercial airline industry. Reduced airline travel, higher oil prices, changes in airline fare structures, and other factors have adversely impacted the airline industry and could have an adverse impact on Delta's ability to meet its lease obligations and on the residual value of the aircraft.

Total loan and lease originations and purchases for TCF's leasing businesses were $717.8 million at December 31, 2004, compared with $618.3 million during 2003. The backlog of approved transactions increased to $195.3 million at December 31, 2004, from $155.2 million at December 31, 2003. TCF's expanded leasing activity is subject to risk of cyclical downturns and other adverse economic developments. TCF's ability to increase its leasing and equipment finance portfolio is dependent upon its ability to place new equipment in service. In an adverse economic environment, there may be a decline in the demand for some types of equipment which TCF leases, resulting in a decline in the amount of new equipment being placed into service as well as a decline in equipment values for equipment previously placed in service.

Loan and leases outstanding at December 31, 2004 are shown in the following table by maturity:

	At December 31, 2004 [1]					
(In thousands)	**Consumer**	**Commercial Real Estate**	**Commercial Business**	**Leasing and Equipment Finance**	**Residential Real Estate**	**Total Loans and Leases**
Amounts due:						
Within 1 year	**$ 218,537**	**$ 339,974**	**$ 206,658**	**$ 548,749**	**$ 44,390**	**$ 1,358,308**
After 1 year:						
1 to 2 years	**213,561**	**254,168**	**106,279**	**366,559**	**45,976**	**986,543**
2 to 3 years	**240,324**	**276,953**	**47,552**	**257,653**	**46,728**	**869,210**
3 to 5 years	**451,705**	**498,899**	**33,923**	**250,525**	**83,857**	**1,318,909**
5 to 10 years	**1,105,021**	**703,562**	**17,971**	**56,604**	**197,913**	**2,081,071**
10 to 15 years	**1,007,075**	**58,724**	**2,750**	**—**	**163,283**	**1,231,832**
Over 15 years	**1,181,627**	**24,875**	**8,317**	**—**	**426,873**	**1,641,692**
Total after 1 year	**4,199,313**	**1,817,181**	**216,792**	**931,341**	**964,630**	**8,129,257**

Total	$ 4,417,850	$ 2,157,155	$ 423,450	$ 1,480,090	$ 1,009,020	$ 9,487,565
Amounts due after 1 year on:						
Fixed-rate loans and leases	$ 1,678,920	$ 342,111	$ 63,161	$ 931,341	$ 743,816	$ 3,759,349
Variable and adjustable-rate loans(2)	2,520,393	1,475,070	153,631	—	220,814	4,369,908
Total after 1 year	$ 4,199,313	$ 1,817,181	$ 216,792	$ 931,341	$ 964,630	$ 8,129,257

(1) Gross of deferred fees and costs. This table does not include the effect of prepayments, which is an important consideration in management's interest rate risk analysis. Company experience indicates that the loans remain outstanding for significantly shorter periods than their contractual terms.

(2) Includes $189 million of consumer loans and $13.4 million of commercial real estate and commercial business loans at their interest rate floors.

Allowance for Loan and Lease Losses Credit risk is the risk of loss from a customer default on a loan or lease. TCF has in place a process to identify and manage its credit risk. The process includes initial credit review and approval, periodic monitoring to measure compliance with credit agreements and internal credit policies, monitoring changes in the risk ratings of loans and leases, identification of problem loans and leases and procedures for the collection of problem loans and leases. The risk of loss is difficult to quantify and is subject to fluctuations in values, general economic conditions and other factors. The determination of the allowance for loan and lease losses is a critical accounting estimate which involves management's judgment on a number of factors such as net charge-offs, delinquencies in the loan and lease portfolio, general economic conditions and management's assessment of credit risk in the current loan and lease portfolio. The Company considers the allowance for loan and lease losses of $79.9 million appropriate to cover losses inherent in the loan and lease portfolios as of December 31, 2004. However, no assurance can be given that TCF will not, in any particular period, sustain loan and lease losses that are sizable in relation to the amount reserved, or that subsequent evaluations of the loan and lease portfolio, in light of factors then prevailing, including economic conditions and TCF's on-going credit review process, will not require significant changes in the allowance for loan and lease losses. Among other factors, a protracted economic slowdown and/or a decline in commercial or residential real estate values in TCF's markets may have an adverse impact on the adequacy of the allowance for loan and lease losses by increasing credit risk and the risk of potential loss. See "Forward-Looking Information" and Notes 1 and 7 of Notes to Consolidated Financial Statements for additional information concerning TCF's allowance for loan and lease losses.

The next several pages include detailed information regarding TCF's allowance for loan and lease losses, net charge-offs, non-performing assets, past due loans and leases and potential problem loans and leases. Included in this data are numerous portfolio ratios that must be carefully reviewed and related to the nature of the underlying loan and lease portfolios before appropriate conclusions

can be reached regarding TCF or for purposes of making comparisons to other companies. Most of TCF's non-performing assets and past due loans and leases are secured by residential real estate. Given the nature of these assets and the related mortgage foreclosure, property sale and, if applicable, mortgage insurance claims processes, it can take 18 months or longer for a loan to migrate from initial delinquency to final disposition. This resolution process generally takes much longer for loans secured by real estate than for unsecured loans or loans secured by other property primarily due to state foreclosure laws.

The key indicators of TCF's credit quality and reserve coverage for 2004 include the ratio of net charge-offs to average loans and leases of .11%, the year-end allowance as a multiple of net charge-offs of 8.4X, and income before income taxes and provision for loan losses as a multiple of net charge-offs of 41.7X.

The following table sets forth information detailing the allowance for loan and lease losses and selected key indicators:

	Year Ended December 31,				
(Dollars in thousands)	**2004**	**2003**	**2002**	**2001**	**2000**
Balance at beginning of year	**$ 76,619**	$ 77,008	$ 75,028	$ 66,669	$ 55,755
Charge-offs:					
Consumer	**(4,821)**	(5,362)	(6,939)	(6,605)	(7,041)
Commercial real estate	**(602)**	(1,381)	(2,181)	(122)	(76)
Commercial business	**(235)**	(920)	(5,952)	(429)	(143)
Leasing and equipment finance	**(8,508)**	(8,620)	(9,230)	(9,794)	(2,426)
Residential real estate	**(81)**	(86)	(59)	(1)	(15)
	(14,247)	(16,369)	(24,361)	(16,951)	(9,701)
Recoveries:					
Consumer	**1,589**	2,173	2,965	3,487	4,576
Commercial real estate	**126**	45	43	103	295
Commercial business	**82**	138	54	193	690
Leasing and equipment finance	**2,963**	1,083	1,264	649	254
Residential real estate	**8**	9	9	—	28
	4,768	3,448	4,335	4,432	5,843
Net charge-offs	**(9,479)**	(12,921)	(20,026)	(12,519)	(3,858)
Provision charged to operations	**10,947**	12,532	22,006	20,878	14,772
Acquired allowance	**1,791**	—	—	—	—
Balance at end of year	**$ 79,878**	$ 76,619	$ 77,008	$ 75,028	$ 66,669
Key Indicators:					
Ratio of net loan and lease charge-offs to average					

loans and leases outstanding	**.11%**	.16%	.25%	.15%	.05%
Year-end allowance as a multiple of net charge-offs	**8.4X**	5.9X	3.8X	6.0X	17.3X
Income before income taxes and provision for loan losses as a multiple of net charge-offs	**41.7X**	26.3X	19.0X	28.0X	82.3X

The allocation of TCF's allowance for loan and lease losses is as follows:

	At December 31,					Allocations as a Percentage of Total Loans and Leases Outstanding by Type At December 31,				
(Dollars in thousands)	**2004**	**2003**	**2002**	**2001**	**2000**	**2004**	**2003**	**2002**	**2001**	**2000**
Consumer	**$ 9,939**	$ 9,084	$ 8,532	$ 8,355	$ 9,764	**.22%**	.25%	.28%	.33%	.44%
Commercial real estate	**20,742**	25,142	22,176	24,459	20,753	**.96**	1.31	1.21	1.51	1.51
Commercial business	**7,696**	11,797	15,910	12,117	9,668	**1.81**	2.76	3.62	2.87	2.36
Leasing and equipment finance	**24,566**	13,515	12,881	11,774	7,583	**1.79**	1.16	1.24	1.23	.89
Unallocated	**16,139**	16,139	16,139	16,139	16,139	**N.A.**	N.A.	N.A.	N.A.	N.A.
Subtotal	**79,082**	75,677	75,638	72,844	63,907	**.94**	1.06	1.20	1.32	1.31
Residential real estate	**796**	942	1,370	2,184	2,762	**.08**	.08	.08	.08	.08
Total allowance balance	**$ 79,878**	$ 76,619	$ 77,008	$ 75,028	$ 66,669	**.85**	.92	.95	.91	.78

N.A. Not Applicable.

The allocated allowance balances for TCF's residential and consumer loan portfolios, at December 31, 2004, reflect the Company's credit quality and related low level of net charge-offs for these portfolios. The increase in the allocated allowance for leasing and equipment finance includes coverage related to TCF's investment in the Delta leveraged lease. The allocated allowance for the loan and lease portfolios do not reflect any significant changes in estimation methods or assumptions.

The decrease in TCF's allowance for loan and lease losses as a percentage of total loans and leases, at December 31, 2004, reflects the impact of the reduction in commercial and commercial real estate and leasing and equipment finance charge-offs.

The following table sets forth additional information regarding net charge-offs:

	Year Ended December 31, 2004		2003	
(Dollars in thousands)	**Net Charge-offs (Recoveries)**	**% of Average Loans and Leases**	**Net Charge-offs (Recoveries)**	**% of Average Loans and Leases**
Consumer	**$ 3,232**	**.08%**	$ 3,189	.10%
Commercial real estate	**476**	**.02**	1,336	.07
Commercial business	**153**	**.04**	782	.18
Leasing and equipment finance:				
Middle market	**2,574**	**.39**	1,883	.40
Small ticket	**2,787**	**1.29**	1,422	1.28
Winthrop	**462**	**.21**	(32)	—
Wholesale	**(782)**	**(0.98)**	1,677	1.85
Leveraged leases	**—**	**—**	—	—
Other	**504**	**.59**	2,587	1.79
Total leasing and equipment finance	**5,545**	**.43**	7,537	.69
Residential real estate	**73**	**.01**	77	.01
Total	**$ 9,479**	**.11**	$ 12,921	.16

Non-Performing Assets Non-performing assets consist of non-accrual loans and leases and other real estate owned. The decrease in total non-performing assets reflects decreases of $8.9 million, $8.5 million and $692 thousand, respectively, in commercial real estate, consumer and residential real estate non-performing assets, partially offset by increases of $11.7 million and $1.6 million, respectively, in leasing and equipment finance and commercial business non-performing assets.

Approximately 43% of non-performing assets at December 31, 2004 consisted of, or were secured by, residential real estate. Leasing and equipment finance non-accrual leases at December 31, 2004, included the previously discussed $18.8 million investment in an aircraft leveraged lease. The accrual of interest income is generally discontinued when loans and leases become 90 days or more past due with respect to either principal or interest (150 days or six payments past due for loans secured by residential real estate) unless such loans and leases are adequately secured and in the process of collection.

Non-performing assets are summarized in the following table:

(Dollars in thousands)	At December 31, 2004	2003	2002	2001	2000
Non-accrual loans and leases:					
Consumer	**$ 12,187**	$ 12,052	$ 11,163	$ 16,473	$ 13,027
Commercial real estate	**1,093**	2,490	3,213	11,135	5,820
Commercial business	**4,533**	2,931	4,777	3,550	236
Leasing and equipment finance	**25,678**	13,940	18,689	13,857	11,286
Residential real estate	**3,387**	3,993	5,798	6,959	4,829
Total non-accrual loans and leases	**46,878**	35,406	43,640	51,974	35,198
Other real estate owned:					
Residential	**11,726**	20,462	16,479	12,830	10,422
Commercial	**5,465**	12,992	10,093	1,825	447
Total other real estate owned	**17,191**	33,454	26,572	14,655	10,869
Total non-performing assets	**$ 64,069**	$ 68,860	$ 70,212	$ 66,629	$ 46,067
Non-performing assets as a percentage of net loans and leases	**.69%**	.83%	.87%	.82%	.54%
Non-performing assets as a percentage of total assets	**.52**	.61	.58	.59	.41

Included in non-performing assets are loans that are considered impaired. Impaired loans totaled $8.1 million and $9.1 million at December 31, 2004 and December 31, 2003, respectively. The related allowance for credit losses was $3.7 million at December 31, 2004, compared with $4.5 million at December 31, 2003. All of the impaired loans were on non-accrual status. There were no impaired loans at December 31, 2004 and 2003 which did not have a related allowance for loan losses. The average balance of impaired loans was $9.8 million for 2004, compared with $10.8 million for 2003.

Past Due Loans and Leases The following table sets forth information regarding TCF's delinquent loan and lease portfolio, excluding loans held for sale and non-accrual loans and leases. TCF's delinquency rates are determined using the contractual method.

	At December 31, 2004		2003	
(Dollars in thousands)	Principal Balances	Percentage of Loans and Leases	Principal Balances	Percentage of Loans and Leases
Accruing loans and leases delinquent for:				
30-59 days	**$ 20,776**	**.23%**	$ 24,187	.29%
60-89 days	**8,659**	**.09**	8,953	.11
90 days or more	**4,950**	**.05**	5,604	.07
Total	**$ 34,385**	**.37%**	$ 38,744	.47%

The following table summarizes TCF's over 30-day delinquent loan and lease portfolio, by loan type:

	At December 31, 2004		2003	
(Dollars in thousands)	Principal Balances	Percentage of Portfolio	Principal Balances	Percentage of Portfolio
Consumer	**$ 15,436**	**.35%**	$ 17,673	.49%
Commercial real estate	**32**	**—**	58	—
Commercial business	**404**	**.10**	282	.07
Leasing and equipment finance	**8,997**	**.67**	10,619	.93
Residential real estate	**9,516**	**.94**	10,112	.84
Total	**$ 34,385**	**.37%**	$ 38,744	.47%

Potential Problem Loans and Leases In addition to non-performing assets, there were $71.1 million of loans and leases at December 31, 2004, for which management has concerns regarding the ability of the borrowers to meet existing repayment terms, compared with $48.1 million at December 31, 2003. These loans and leases are primarily classified for regulatory purposes as substandard and reflect the distinct possibility, but not the probability, that the Company will not be able to collect all amounts due according to the contractual terms of the loan or lease agreement. Although these loans and leases have been identified as potential problem loans and leases, they may never become non-performing. Additionally, these loans and leases are generally secured by commercial real estate or assets, thus reducing the potential for loss should they become non-performing. Potential problem loans and leases are considered in the determination of the adequacy of the allowance for loan and lease losses. At December 31, 2004, commercial business potential problem loans were up $5.4 million from December 31, 2003. Commercial real estate potential problem loans totaled $34.1 million at December 31, 2004, and were up $13.9 million from December 31, 2003, primarily due to the addition of two large properties. Leasing and equipment finance potential problem loans include $1.2 million and $1.1 million funded on a non-recourse basis at December 31, 2004 and 2003, respectively.

Potential problem loans and leases are summarized as follows:

At December 31,	Change

(Dollars in thousands)	2004	2003	$	%
Commercial real estate	$ 34,138	$ 20,279	$ 13,859	68.3%
Commercial business	18,112	12,721	5,391	42.4
Leasing and equipment finance	18,816	15,094	3,722	24.7
Total	$ 71,066	$ 48,094	$ 22,972	47.8

Liquidity Management TCF manages its liquidity position to ensure that the funding needs of depositors and borrowers are met promptly and in a cost-effective manner. Asset liquidity arises from the ability to convert assets to cash as well as from the maturity of assets. Liability liquidity results from the ability of TCF to attract a diversity of funding sources to promptly meet funding requirements.

Deposits are the primary source of TCF's funds for use in lending and for other general business purposes. In addition to deposits, TCF derives funds primarily from loan and lease repayments, proceeds from the discounting of leases and borrowings. Deposit inflows and outflows are significantly influenced by general interest rates, money market conditions, competition for funds, customer service and other factors. TCF's deposit inflows and outflows have been and will continue to be affected by these factors. Borrowings may be used to compensate for reductions in normal sources of funds, such as deposit inflows at less than projected levels, net deposit outflows or to support expanded activities. Historically, TCF has borrowed primarily from the FHLB, from institutional sources under repurchase agreements and, to a lesser extent, from other sources. At December 31, 2004, TCF had over $2.2 billion in unused capacity under these funding sources, which could be used to meet future liquidity needs. See "Borrowings."

Potential sources of liquidity for TCF Financial Corporation (parent company only) include cash dividends from TCF's wholly owned bank subsidiary, issuance of equity securities and borrowings under a $105 million line of credit. TCF's National Bank's ability to pay dividends or make other capital distributions to TCF is restricted by regulation and may require regulatory approval. Undistributed earnings and profits at December 31, 2004 includes approximately $134.4 million for which no provision for federal income tax has been made. This amount represents earnings appropriated to bad debt reserves and deducted for federal income tax purposes, and is generally not available for payment of cash dividends or other distributions to shareholders without incurring an income tax liability based on the amount of earnings removed and current tax rates.

Deposits Checking, savings and money market deposits are an important source of low cost funds and fee income for TCF. Deposits totaled $8 billion at December 31, 2004, up $350.4 million from December 31, 2003. Lower interest-cost checking, savings and money market deposits totaled $6.5 billion, up $493.9 million from December 31, 2003, and comprised 81.6% of total deposits at December 31, 2004, compared with 78.8% of total deposits at December 31, 2003. The average balance of these deposits for 2004 was $6.3 billion, an increase of $249.4 million over the $6 billion average balance for 2003. Higher interest-cost certificates of deposit decreased $143.5 million from December 31, 2003 as other lower-cost funding sources were available to TCF. TCF had no brokered deposits at December 31, 2004 or 2003. TCF's weighted average rate for deposits, including non-interest-bearing deposits, was .69% at December 31, 2004, up from .58% at December 31, 2003.

New Branch Expansion Key to TCF's growth is its continued investment in new branch expansion. New branches are an important source of new customers in both deposit products and consumer lending products. While supermarket branches continue to play an important role in TCF's expansion strategy, the opportunity to add new supermarket branches within TCF's markets will slow in future years. Therefore, TCF will continue new branch expansion by opening more traditional branches. Although traditional branches require a higher initial investment than supermarket branches, they ultimately attract more customers and become more profitable. During 2004, TCF opened 30 new branches. The focus on opening new branches will continue in 2005 with the planned opening of 29 branches, including 22 new traditional branches, five new supermarket branches and two campus branches.

At December 31, 2004, 258, or 60% of TCF's 430 branches were opened since January 1, 1998. Additional information regarding TCF's branches opened since January 1, 1998 is displayed in the table below:

	At or For the Year Ended December 31,					Compound Annual Growth Rate	
(Dollars in thousands)	2004	2003	2002	2001	2000	1-Year 2004/2003	5-Year 2004/1999
Number of new branches opened during the year:							
Traditional and campus	19	14	12	6	3	N.M.	N.M.
Supermarket	11	5	15	21	22	N.M.	N.M.
Total	30	19	27	27	25	N.M.	N.M.
Number of new branches* at year end:							
Traditional and campus	61	42	28	16	10	N.M.	N.M.
Supermarket	197	186	184	174	153	N.M.	N.M.
Total	258	228	212	190	163	N.M.	N.M.
Percent of total branches	60.0%	56.9%	53.7%	50.7%	46.3%	N.M.	N.M.
Number of checking accounts	575,537	495,211	411,456	342,493	252,469	16.2%	24.5%
Deposits:							
Checking	$ 868,164	$ 616,539	$ 447,914	$ 335,198	$ 236,633	40.8	43.9
Savings	423,165	390,253	407,088	133,987	63,764	8.4	53.4
Money market	54,542	66,604	70,476	91,092	68,504	(18.1)	31.8
Subtotal	1,345,871	1,073,396	925,478	560,277	368,901	25.4	45.8
Certificates of deposit	156,958	152,050	162,655	184,020	225,401	3.2	2.4
Total deposits	$ 1,502,829	$ 1,225,446	$ 1,088,133	$ 744,297	$ 594,302	22.6	34.3
Total fees and other revenue for the year	$ 153,788	$ 126,123	$ 107,769	$ 85,333	$ 60,750	21.9	31.5

N.M. Not Meaningful.
* New branches opened since January 1, 1998.

Borrowings Borrowings totaled $3.1 billion at December 31, 2004, up $689.8 million from December 31, 2003. The increase was primarily attributable to the loans and leases increasing $1 billion during 2004 while deposit balances grew only $350.5 million which increases TCF's reliance on borrowings. During the second quarter of 2004, TCF National Bank, a subsidiary of TCF Financial Corporation issued $75 million of subordinated notes due in 2014. These notes qualify as Tier 2 or supplemental capital for regulatory purposes, subject to certain limitations. TCF Bank paid the proceeds from the offering to TCF to be used for general corporate purposes, which may include repurchases in the open market of TCF common stock. See Notes 12 and 13 of Notes to Consolidated Financial Statements for detailed information on TCF's borrowings. Included in long-term borrowings at December 31, 2004 are $767.5 million of fixed-rate FHLB advances and repurchase agreements with other financial institutions which are callable quarterly at par until maturity. If called, replacement funding will be provided by the counterparties at the then-prevailing short-term market rate of interest for the remaining term-to-maturity of the advances and repurchase agreements, subject to standard terms and conditions. The weighted-average rate on borrowings increased to 3.37% at December 31, 2004, from 3.24% at December 31, 2003. TCF does not utilize unconsolidated subsidiaries or special purpose entities to provide off-balance-sheet borrowings. See Note 20 of Notes to Consolidated Financial Statements for information relating to off-balance-sheet instruments.

Contractual Obligations and Commitments As disclosed in the Notes to Consolidated Financial Statements, TCF has certain obligations and commitments to make future payments under contracts. At December 31, 2004, the aggregate contractual obligations (excluding bank deposits) and commitments are as follows:

(In thousands)		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Total borrowings	$ 3,104,603	$ 2,277,682	$ 327,663	$ 125,049	$ 374,209
Annual rental commitments under non-cancelable operating leases	170,441	23,894	40,631	33,823	72,093
Purchase obligations (construction contracts and land purchase commitments for future branch sites)	20,315	20,315	—	—	—
	$ 3,295,359	$ 2,321,891	$ 368,294	$ 158,872	$ 446,302

(In thousands)		Amount of Commitment – Expiration by Period			
Other Commitments	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Commitments to lend:					
Consumer	$ 1,576,381	$ 8,217	$ 22,311	$ 38,240	$ 1,507,613
Commercial	684,029	443,267	204,625	25,003	11,134
Leasing and equipment finance	72,614	72,614	—	—	—
Other	55,343	55,343	—	—	—
Total commitments to lend	2,388,367	579,441	226,936	63,243	1,518,747
Loans serviced with recourse	97,568	2,288	4,772	4,329	86,179
Standby letters of credit and guarantees on industrial revenue bonds	75,957	46,650	18,677	10,630	—
	$ 2,561,892	$ 628,379	$ 250,385	$ 78,202	$ 1,604,926

Commitments to lend are agreements to lend to a customer provided there is no violation of any condition in the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Collateral predominantly consists of residential and commercial real estate.

Loans serviced with recourse represent a contingent guarantee based upon the failure to perform by another party. These loans consist of $94.9 million of Veterans Administration ("VA") loans. As is typical of a servicer of VA loans, TCF must cover any principal loss in excess of the VA's guarantee if the VA elects its "no-bid" option upon the foreclosure of a loan. Since conditions under which TCF would be required either to cover any principal loss in excess of the VA's guarantee may not materialize, the actual cash requirements are expected to be significantly less than the amount provided in the table above.

Standby letters of credit and guarantees on industrial revenue bonds are conditional commitments issued by TCF guaranteeing the performance of a customer to a third party. These conditional commitments expire in various years through the year 2009. Since the conditions under which TCF is required to fund these commitments may not materialize, the cash requirements are expected to be less than the total outstanding commitments. Collateral held on these commitments primarily consists of commercial real estate mortgages.

Stockholders' Equity Stockholders' equity at December 31, 2004 was $958.4 million, or 7.8% of total assets, up from $920.9 million, or 8.1% of total assets, at December 31, 2003. The increase in stockholders' equity was primarily due to the net income of $255 million partially offset by the repurchase of 4 million shares of TCF's common stock at a cost of $116.1 million, the payment of $104 million in dividends on common stock and a $7.1 million decrease in accumulated comprehensive income for the year ended December 31, 2004. On July 21, 2003, TCF's Board of Directors authorized the repurchase of up to an additional 5% of TCF's common stock, or 7.2 million shares. At December 31, 2004, 3.5 million shares remain available under this authorization from the Board of Directors. Since January 1, 1998, the Company has repurchased 54.2 million shares of its common stock at an average cost of $17.58 per share. For the year ended December 31, 2004, average total equity to average assets was 7.94% compared with 8.03% for the year ended December 31, 2003. Dividends paid to common shareholders on a per share basis totaled 75 cents in 2004, an increase of 15.4% from 65 cents in 2003. TCF's dividend payout ratio was 40.3% in 2004 and 42.6% in 2003. The Company's primary funding sources for common dividends are dividends received from its subsidiary bank. At December 31, 2004, TCF and TCF National Bank exceeded their regulatory capital requirements and are considered "well-capitalized" under guidelines established by the Federal Reserve Board and the Office of the Comptroller of the Currency. See Notes 15 and 16 of Notes to Consolidated Financial Statements. TCF has used stock options as a form of employee compensation to a limited extent in prior years. At December 31, 2004, the number of incentive stock options outstanding was 325,864, or .18%, of total shares outstanding.

Market Risk – Interest-Rate Risk TCF's results of operations are dependent to a large degree on its net interest income and its ability to manage its interest rate risk. Although TCF manages other risks, such as credit and liquidity risk, in the normal course of its business, the Company considers interest rate risk to be its most significant market risk. Since TCF does not hold a trading portfolio, the Company is not exposed to market risk from trading activities. The mismatch between maturities, interest rate sensitivities and prepayment characteristics of assets and liabilities results in interest rate risk. TCF, like most financial institutions, has material interest rate risk exposure to changes in both short-term and long-term interest rates as well as variable interest rate indices (e.g., prime).

TCF's Asset/Liability Committee manages TCF's interest rate risk based on interest rate expectations and other factors. The principal objective of TCF's asset/liability management activities is to provide maximum levels of net interest income while maintaining acceptable levels of interest rate risk and liquidity risk and facilitating the funding needs of the Company.

Although the interest rate gap measure (difference between interest-earning assets and interest-bearing liabilities repricing within a given period) is subject to a number of assumptions and is only one of a number of interest rate risk measurements, management believes the interest rate gap is an important indication of TCF's exposure to interest rate risk and the related volatility of net interest income in a changing interest rate environment. While the interest rate gap measurement has some limitations, including no assumptions regarding future asset or liability production and a static interest rate assumption (large quarterly changes may occur related to these items), the interest rate gap represents the net asset or liability sensitivity at a point in time. In addition to the interest rate gap analysis, management also utilizes a net interest income simulation model to measure and manage TCF's interest rate risk, relative to a base case scenario.

TCF has positioned its balance sheet to benefit from a rising interest rate environment. TCF's one-year interest rate gap was a positive $585.3 million, or 4.7% of total assets, at December 31, 2004, compared with a positive $161.3 million, or 1% of total assets at December 31, 2003. A positive interest rate gap position exists when the amount of interest-earning assets maturing or repricing, including assumed prepayments, within a particular time period exceeds the amount of interest-bearing liabilities maturing or repricing. However, the benefit of a positive interest rate gap in a rising interest rate environment may be reduced by future asset and liability mix changes including possibly lower yields on newly originated fixed-rate assets and higher rates on new deposits and borrowings. The increase in the one-year interest rate gap is primarily due to consumer and commercial variable rate loans previously at their floor rates, and therefore treated as fixed-rate loans for interest rate gap analysis purposes, becoming floating-rate loans due to the 1.25% increase in the prime interest rate during 2004, partially offset by the impact of $742 million of borrowings maturing in 2005 moving into the one-year interest rate gap analysis during 2004.

TCF would also likely benefit from an increase in interest rates as this might signify that economic conditions are improving. The favorable impact of an increase in interest rates on net interest income would be partially diminished by an adverse impact on TCF's checking account balances, if customers transfer some of these funds to higher interest rate deposit products or other investments, resulting in an increase in the cost of interest-bearing deposits. Additionally, an increase in interest rates may affect TCF's fixed-rate/variable-rate loan mix and volumes and would also likely result in slower fixed-rate loan prepayments.

TCF believes this positive interest rate gap to be warranted because current rates are still below historical averages and, consequently, there is a greater possibility over time of higher interest rates versus lower interest rates. However, if interest rates fall, TCF could experience an increase in prepayments of residential loans, mortgage-backed securities and fixed-rate consumer and commercial real estate loans and could experience compression of its net interest income.

The one-year interest rate gap could be significantly affected by external factors such as prepayment rates other than those assumed, early withdrawals of deposits, changes in the correlation of various interest-bearing instruments, competition, a general rise or decline in interest rates, and the possibility that TCF's counterparties will exercise their option to call certain of TCF's longer-term callable borrowings. Decisions by management to purchase or sell assets or to retire debt could change the maturity/repricing and spread relationships. In addition, TCF's interest-rate risk may increase during periods of rising interest rates due to slower prepayments on fixed-rate loans and mortgage-backed securities. TCF estimates that an immediate 100 basis point increase in current mortgage loan interest rates would reduce prepayments during 2005 on the $4.1 billion of fixed-rate mortgage-backed securities, residential real estate loans and consumer first-mortgage loans at December 31, 2004 by approximately $362 million. A slowing in prepayments would increase the estimated life of the portfolios and may adversely impact net interest income or net interest margin in the future.

The following table summarizes TCF's interest-rate gap position at December 31, 2004:

(Dollars in thousands)	Maturity/Rate Sensitivity Within 30 Days	30 Days to 6 Months	6 Months to 1 Year	1 to 3 Years	3+ Years	Total
Interest-earning assets:						
Loans held for sale	$ 154,270	$ —	$ —	$ —	$ —	$ 154,270
Securities available for sale (1)	17,709	91,190	128,065	435,015	947,963	1,619,942
Real estate loans (1)	36,767	170,376	176,872	293,028	337,134	1,014,177
Leasing and equipment finance (1)	63,171	252,394	252,155	567,548	240,103	1,375,371
Other loans(1)	3,788,957	319,189	356,208	1,164,679	1,368,085	6,997,118
Investments	521	80,841	—	—	21,865	103,227
	4,061,395	913,990	913,300	2,460,270	2,915,150	11,264,105
Interest-bearing liabilities:						
Checking deposits(2)	724,031	—	—	—	3,182,115	3,906,146
Savings deposits(2)	844,935	—	—	121,899	960,460	1,927,294
Money market deposits(2)	293,540	—	—	—	366,145	659,685
Certificates of deposit	172,694	576,976	313,371	343,758	61,858	1,468,657
Short-term borrowings	706,191	102,119	—	4,400	76,409	889,119
Long-term borrowings (3)	353,509	412,265	803,729	222,583	423,393	2,215,479
	3,094,900	1,091,360	1,117,100	692,640	5,070,380	11,066,380
Interest-earning assets over (under) interest-bearing liabilities	966,495	(177,370)	(203,800)	1,767,630	(2,155,230)	197,725
Cumulative gap	$ 966,495	$ 789,125	$ 585,325	$ 2,352,955	$ 197,725	$ 197,725
Cumulative gap as a percentage of total assets:						
At December 31, 2004	8%	6%	5%	19%	2%	2%
At December 31, 2003	(6)%	(2)%	1%	22%	2%	2%

(1) Based upon contractual maturity, repricing date, if applicable, scheduled repayments of principal and projected prepayments of principal based upon experience and third party projections.

(2) Includes non-interest bearing deposits. At December 31, 2004, 19% of checking deposits, 44% of savings deposits, and 45% of money market deposits are included in amounts repricing within one year. All remaining checking, savings and money market deposits are assumed to mature in the "3+ Years" category. While management believes that these assumptions are reasonable, no assurance can be given that amounts on deposit in checking, savings, and money market accounts will not significantly change or be repriced in the event of a general change in interest rates. At December 31, 2003, 6% of checking deposits, 49% of savings deposits, and 48% of money market deposits were included in amounts repricing within one year.

(3) Includes $767.5 million of callable borrowings. At December 31, 2004, the contract rates on all callable borrowings exceeded current market rates.

As previously noted, TCF also utilizes net interest income simulation models to estimate the near-term effects (next twelve months) of changing interest rates on its net interest income. Net interest income simulation involves forecasting net interest income under a variety of scenarios, including the level of interest rates, the shape of the yield curve, and spreads between market interest rates. At December 31, 2004, net interest income is estimated to increase by 3%, compared with the base case scenario, over the next twelve months if interest rates were to sustain an immediate increase of 100 basis points. In the event interest rates were to decline by 100 basis points, net interest income is estimated to decrease by 3.7%, compared with the base case scenario, over the next twelve months.

Management exercises its best judgment in making assumptions regarding loan prepayments, early deposit withdrawals, and other non-controllable events in estimating TCF's exposure to changes in interest rates. These assumptions are inherently uncertain and, as a result, the simulation models cannot precisely estimate net interest income or precisely predict the impact of a change in interest rates on net interest income. Actual results will differ from simulated results due to the timing, magnitude and frequency of interest rate changes and changes in market conditions and management strategies, among other factors.

Summary of Critical Accounting Estimates Critical accounting estimates occur in certain accounting policies and procedures and are particularly susceptible to significant change. Policies that contain critical accounting estimates include the determination of the allowance for loan and lease losses, mortgage servicing rights, income taxes, lease financings and pension liability and expenses. See Note 1 of Notes to Consolidated Financial Statements for further discussion of critical accounting estimates.

Recent Accounting Developments In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 123R, *Share-Based Payment* which revised SFAS No. 123, *Accounting for Stock-Based Compensation*. This Statement supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related implementation guidance and amends SFAS No. 95, *Statement of Cashflows*. It requires that all stock-based compensation now be measured at fair value and recognized as expense in the income statement. This Statement also clarifies and expands guidance on measuring fair value, requires estimation of forfeitures when determining expense, and requires that excess tax benefits be shown as financing cash inflows versus a reduction of taxes paid in the statement of cashflows. Various other changes are also required. This statement is effective beginning July 1, 2005. TCF adopted the recognition provisions of SFAS 123 in January 2000. TCF expects no significant effect on TCF's financial statements upon adoption of this Statement.

Fourth Quarter Summary In the fourth quarter of 2004, TCF reported net income of $67.4 million, compared with $59.5 million in the fourth quarter of 2003. Diluted earnings per common share was 50 cents for the fourth quarter of 2004, compared with 43 cents for the fourth quarter of 2003. TCF opened 12 new branches in the fourth quarter of 2004, of which four were supermarket branches.

Net interest income was $126.5 million and $119.1 million for the quarter ended December 31, 2004 and 2003 respectively. The net interest margin was 4.56% and 4.68% for the fourth quarter of 2004 and 2003, respectively. TCF's net interest income increased by $7.4 million, or 6.2% over the fourth quarter of 2003. Of this increase in net interest income, $10.5 million was due to volume changes, partially offset by a decrease of $3.1 million due to interest rate changes.

TCF provided $4.1 million for credit losses in the fourth quarter of 2004, compared with $4 million in the fourth quarter of 2003. Net loan and lease charge-offs were $3.2 million, or .14% of average loans and leases outstanding, compared with $6.1 million, or .30% of average loans and leases outstanding during the same 2003 period.

Non-interest income increased $17.7 million, or 15.4%, during the fourth quarter of 2004 to $132.5 million. Banking fees and other revenue increased $7.9 million, or 8.8%, 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 44.7% over the same quarter in 2003. The increase was attributable to a 21.2% increase in sales volume coupled with an 18 basis point increase in the average off-line interchange rate. Leasing and equipment finance revenues were up $5.7 million, or 36.9%, over the fourth quarter of 2003 due to increases in sales-type lease revenues.

Non-interest expense increased $12.2 million, or 8.5%, in the fourth quarter of 2004 to $154.4 million. Compensation and employee benefits increased $9.6 million, or 12.5%, 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%, from the fourth quarter of 2003, with $1.4 million relating to costs associated with new branch expansion.

In the fourth quarter of 2004, the effective income tax rate was 32.96% of income before tax expense compared with 32.14% for the fourth quarter of 2003.

Earnings Teleconference and Website Information TCF hosts quarterly conference calls to discuss its financial results. Additional information regarding TCF's conference calls can be obtained from the investor relations section within TCF's website at www.tcfexpress.com or by contacting TCF's Corporate Communications Department at (952) 745-2760. The website also includes free access to company news releases, TCF's annual report, quarterly reports, investor presentations and Securities and Exchange Commission ("SEC") filings. Replays of prior quarterly conference calls discussing financial results may also be accessed at the investor relations section within TCF's website.

Legislative, Legal and Regulatory Developments Federal and state legislation imposes numerous legal and regulatory requirements on financial institutions. Future legislative or regulatory change, or changes in enforcement practices or court rulings, may have a dramatic and potentially adverse impact on TCF and its bank and other subsidiaries.

The Federal Deposit Insurance Corporation ("FDIC") and members of the United States Congress have proposed new legislation that would reform the bank deposit insurance system. This reform could merge the Bank Insurance Fund ("BIF") and Savings Association Insurance Fund ("SAIF"), increase the deposit insurance coverage limits and index future coverage limitations, among other changes. Most significantly, reform proposals could allow the FDIC to raise or lower (within certain limits) the currently mandated designated reserve ratio requiring the FDIC to maintain a 1.25% reserve ratio ($1.25 against $100 of insured deposits), and require certain changes in the calculation methodology. Although it is too early to predict the ultimate impact of such proposals, they could, if adopted, result in the imposition of additional deposit insurance premium costs on TCF.

On July 30, 2002, the Sarbanes-Oxley Act of 2002 ("the Act") was signed into law by the President of the United States. The Act provides for sweeping changes dealing with corporate governance, accounting practices and disclosure requirements for public companies, and also for their directors and officers. Section 302 of the Act, entitled "Corporate Responsibility for Financial Reports," required the SEC to adopt rules to implement certain requirements noted in the Act and it did so effective August 29, 2002. The new rules require a company's chief executive and chief financial officers to certify the financial and other information included in the company's quarterly and annual reports. The rules also require these officers to certify that they are responsible for establishing, maintaining and regularly evaluating the effectiveness of the company's disclosure controls and procedures; that they have made certain disclosures to the auditors and to the audit committee of the board of directors about the company's controls and procedures; and that they have included information in their quarterly and annual filings about their evaluation and whether there have been significant changes in disclosure controls or internal controls over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. TCF has filed Chief Executive Officer and Chief Financial Officer certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibit 31 to its 2004 Form 10-K. TCF has also furnished as an exhibit to Form 10-K certificates called for under Section 906 of the Act.

On June 5, 2003, the SEC published its final rules on Section 404 of the Act, requiring public companies to complete an annual assessment of the effectiveness of internal control over financial reporting. The rules are effective in 2004 and a management report is included in this 2004 Annual Report describing management's responsibility for establishing and maintaining adequate internal control over financial reporting and its assessment of the effectiveness of such controls as of year-end. The Company's independent auditors also completed an attestation report on management's assessment.

In September 2002, the SEC issued its final ruling covering the acceleration of periodic report filing dates. The rule, as amended in November 2004, applies to certain companies, including TCF, and will reduce the annual report filing deadline from 90 days after year-end to 60 days after year-end for TCF's 2005 Annual Report. The quarterly report on Form 10-Q will also be accelerated from 45 days after quarter-end to 35 days after quarter-end for the quarterly Form 10-Q filings in 2006. TCF has taken steps to modify its financial reporting process to meet these accelerated filing deadlines.

Pursuant to Section 303A.12 of the New York Stock Exchange (NYSE) Listed Company Manual, TCF's Chief Executive Officer submitted a certification to the NYSE on May 18, 2004 indicating that he was not aware of any violation by TCF of the NYSE's Corporate Governance listing standards.

Forward-Looking Information

This Annual Report 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; denial of insurance coverage for claims made by TCF; 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.

Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Chief Financial Officer (Principal Financial Officer) and Controller and Assistant Treasurer (Principal Accounting Officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 ("Exchange Act"). Based upon that evaluation, management concluded that the Company's disclosure controls and procedures are effective as of December 31, 2004. Also, there were no significant changes in the Company's disclosure controls or internal controls over financial reporting during 2004. See "Management's Report on Internal Control Over Financial Reporting."

Consolidated Statements of Financial Condition

(Dollars in thousands, except per-share data)	At December 31, 2004	2003
Assets		
Cash and due from banks	**$ 359,798**	$ 370,054
Investments	**103,226**	75,223
Securities available for sale	**1,619,941**	1,533,288
Loans held for sale	**154,279**	335,372
Loans and leases:		
Consumer	**4,418,588**	3,630,341
Commercial real estate	**2,154,396**	1,916,701
Commercial business	**424,135**	427,696
Leasing and equipment finance	**1,375,372**	1,160,397
Subtotal	**8,372,491**	7,135,135
Residential real estate	**1,014,166**	1,212,643
Total loans and leases	**9,386,657**	8,347,778
Allowance for loan and lease losses	**(79,878)**	(76,619)
Net loans and leases	**9,306,779**	8,271,159
Premises and equipment	**326,667**	282,193
Goodwill	**152,599**	145,462
Deposit base intangibles	**4,245**	5,907
Mortgage servicing rights	**46,442**	52,036
Other assets	**266,591**	248,321
	$ 12,340,567	$ 11,319,015

Liabilities and Stockholders' Equity		
Deposits:		
Checking	$ **3,905,987**	$ 3,248,412
Savings	**1,927,872**	1,905,923
Money market	**659,686**	845,291
Subtotal	**6,493,545**	5,999,626
Certificates of deposit	**1,468,650**	1,612,123
Total deposits	**7,962,195**	7,611,749
Short-term borrowings	**1,056,111**	878,412
Long-term borrowings	**2,048,492**	1,536,413
Total borrowings	**3,104,603**	2,414,825
Accrued expenses and other liabilities	**315,351**	371,583
Total liabilities	**11,382,149**	10,398,157
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; 184,939,094 and 185,026,710 shares issued	**1,849**	925
Additional paid-in capital	**518,741**	518,878
Retained earnings, subject to certain restrictions	**1,385,760**	1,234,804
Accumulated other comprehensive (loss) income	**(1,415)**	5,652
Treasury stock at cost, 47,752,934 and 44,074,050 shares, and other	**(946,517)**	(839,401)
Total stockholders' equity	**958,418**	920,858
	$ **12,340,567**	$ 11,319,015

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

	Year Ended December 31,		
(In thousands, except per-share data)	**2004**	**2003**	**2002**
Interest income:			
Loans and leases	$ **527,178**	$ 513,171	$ 585,693
Securities available for sale	**80,643**	103,821	118,272
Loans held for sale	**11,533**	20,016	22,464
Investments	**3,455**	4,511	6,934
Total interest income	**622,809**	641,519	733,363
Interest expense:			
Deposits	**42,581**	56,795	95,386
Borrowings	**88,337**	103,579	138,752
Total interest expense	**130,918**	160,374	234,138
Net interest income	**491,891**	481,145	499,225
Provision for credit losses	**10,947**	12,532	22,006
Net interest income after provision for credit losses	**480,944**	468,613	477,219
Non-interest income:			
Fees and service charges	**271,664**	247,456	226,051
Card revenue	**63,312**	52,991	47,190
ATM revenue	**42,935**	43,623	45,296
Investments and insurance revenue	**12,558**	13,901	15,848
Subtotal	**390,469**	357,971	334,385
Leasing and equipment finance	**50,323**	51,088	51,628
Mortgage banking	**12,960**	12,719	6,979
Other	**14,114**	9,014	13,272
Fees and other revenue	**467,866**	430,792	406,264
Gains on sales of securities available for sale	**22,600**	32,832	11,536
Gains (losses) on termination of debt	**—**	(44,345)	—
Gains on sales of branches	**—**	—	1,962
Other non-interest income	**22,600**	(11,513)	13,498
Total non-interest income	**490,466**	419,279	419,762
Non-interest expense:			
Compensation and employee benefits	**322,824**	302,804	294,295
Occupancy and equipment	**95,617**	88,423	83,131
Advertising and promotions	**26,353**	25,536	21,894

Other	**142,140**	143,346	139,968
Total non-interest expense	**586,934**	560,109	539,288
Income before income tax expense	**384,476**	327,783	357,693
Income tax expense	**129,483**	111,905	124,762
Net income	**$ 254,993**	$ 215,878	$ 232,931
Net income per common share:			
Basic	**$ 1.87**	$ 1.53	$ 1.58
Diluted	**$ 1.86**	$ 1.53	$ 1.58
Dividends declared per common share	**$ .75**	$ .65	$ .58

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(Dollars in thousands)	**Number of Common Shares Issued**	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock and Other**	**Total**
Balance, December 31, 2001	185,439,088	$ 927	$ 520,940	$ 965,454	$ 6,229	$ (576,517)	$ 917,033
Comprehensive income:							
Net income	—	—	—	232,931	—	—	232,931
Other comprehensive income	—	—	—	—	39,873	—	39,873
Comprehensive income	—	—	—	232,931	39,873	—	272,804
Dividends on common stock	—	—	—	(86,430)	—	—	(86,430)
Repurchase of 6,216,862 shares	—	—	—	—	—	(148,030)	(148,030)
Issuance of 122,880 shares	—	—	1,139	—	—	(1,139)	—
Cancellation of shares	(161,214)	(1)	(3,586)	—	—	742	(2,845)
Amortization of stock compensation	—	—	28	—	—	11,590	11,618
Exercise of stock options, 103,312 shares	—	—	1,536	—	—	1,551	3,087
Change in shares held in trust for deferred compensation plans, at cost	—	—	(1,244)	—	—	1,244	—
Repayment of loans to deferred compensation plans	—	—	—	—	—	9,783	9,783
Balance, December 31, 2002	185,277,874	926	518,813	1,111,955	46,102	(700,776)	977,020
Comprehensive income (loss):							
Net income	—	—	—	215,878	—	—	215,878
Other comprehensive loss	—	—	—	—	(40,450)	—	(40,450)
Comprehensive income (loss)	—	—	—	215,878	(40,450)	—	175,428
Dividends on common stock	—	—	—	(93,029)	—	—	(93,029)
Repurchase of 6,918,980 shares	—	—	—	—	—	(150,356)	(150,356)
Issuance of 285,474 shares	—	—	1,704	—	—	(1,704)	—
Cancellation of shares	(251,164)	(1)	(3,598)	—	—	2,371	(1,228)
Amortization of stock compensation	—	—	—	—	—	9,701	9,701
Exercise of stock options, 125,558 shares	—	—	1,264	—	—	2,058	3,322
Change in shares held in trust for deferred compensation plans, at cost	—	—	695	—	—	(695)	—
Balance, December 31, 2003	185,026,710	925	518,878	1,234,804	5,652	(839,401)	920,858
Comprehensive income (loss):							
Net income	**—**	**—**	**—**	**254,993**	**—**	**—**	**254,993**
Other comprehensive loss	**—**	**—**	**—**	**—**	**(7,067)**	**—**	**(7,067)**
Comprehensive income (loss)	**—**	**—**	**—**	**254,993**	**(7,067)**	**—**	**247,926**
Dividends on common stock	**—**	**—**	**—**	**(104,037)**	**—**	**—**	**(104,037)**
Stock split	**—**	**925**	**(925)**	**—**	**—**	**—**	**—**
Repurchase of 3,984,890 shares	**—**	**—**	**—**	**—**	**—**	**(116,134)**	**(116,134)**
Issuance of 150,174 shares	**—**	**—**	**1,618**	**—**	**—**	**(1,618)**	**—**
Cancellation of shares	**(87,616)**	**(1)**	**(2,055)**	**—**	**—**	**835**	**(1,221)**
Amortization of stock compensation	**—**	**—**	**—**	**—**	**—**	**6,905**	**6,905**
Exercise of stock options, 155,832 shares	**—**	**—**	**1,553**	**—**	**—**	**2,685**	**4,238**
Change in shares held in trust for deferred compensation plans, at cost	**—**	**—**	**(328)**	**—**	**—**	**211**	**(117)**
Balance, December 31, 2004	**184,939,094**	**$ 1,849**	**$ 518,741**	**$ 1,385,760**	**$ (1,415)**	**$ (946,517)**	**$ 958,418**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year Ended December 31,		
(In thousands)	**2004**	**2003**	**2002**
Cash flows from operating activities:			
Net income	**$ 254,993**	$ 215,878	$ 232,931

Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**39,996**	39,478	40,772
Mortgage servicing rights amortization and impairment	**14,591**	44,833	35,374
Provision for credit losses	**10,947**	12,532	22,006
Proceeds from sales of loans held for sale	**1,051,276**	2,944,298	2,703,744
Principal collected on loans held for sale	**8,090**	8,913	15,814
Originations and purchases of loans held for sale	**(879,450)**	(2,816,960)	(2,734,741)
Net (increase) decrease in other assets and accrued expenses and other liabilities	**(31,265)**	(14,913)	43,091
Gains on sales of assets	**(23,306)**	(32,832)	(13,900)
Losses on termination of debt	**—**	44,345	—
Other, net	**(3,299)**	(8,655)	(20,141)
Total adjustments	**187,580**	221,039	92,019
Net cash provided by operating activities	**442,573**	436,917	324,950
Cash flows from investing activities:			
Principal collected on loans and leases	**3,833,653**	4,343,655	3,434,153
Originations and purchases of loans	**(4,183,611)**	(4,108,727)	(2,984,568)
Purchases of lease financing receivables	**—**	(58,421)	—
Purchases of equipment for lease financing	**(703,712)**	(510,140)	(470,917)
Proceeds from sales of securities available for sale	**1,437,066**	849,333	485,406
Proceeds from maturities of and principal collected on securities available for sale	**347,304**	881,885	718,431
Purchases of securities available for sale	**(1,911,905)**	(871,559)	(1,973,974)
Net (increase) decrease in Federal Home Loan Bank stock	**(30,142)**	79,307	3,126
Proceeds from sales of real estate owned	**40,654**	26,186	21,926
Acquisitions, net of cash acquired	**(4,326)**	—	—
Purchases of premises and equipment	**(77,788)**	(69,782)	(60,279)
Sales of deposits, net of cash paid	**—**	—	(15,206)
Repayment of loans to deferred compensation plans	**—**	—	9,783
Other, net	**2,278**	(18,538)	(21,834)
Net cash (used) provided by investing activities	**(1,250,529)**	543,199	(853,953)
Cash flows from financing activities:			
Net increase (decrease) in deposits	**350,446**	(98,239)	628,142
Net (decrease) increase in short-term borrowings	**(629,510)**	36,361	122,192
Proceeds from long-term borrowings	**2,800,614**	425,469	52,462
Payments on long-term borrowings	**(1,505,847)**	(1,147,876)	(11,665)
Purchases of common stock	**(116,134)**	(150,356)	(148,030)
Dividends paid on common stock	**(104,037)**	(93,029)	(86,430)
Other, net	**2,168**	1,211	2,029
Net cash provided (used) by financing activities	**797,700**	(1,026,459)	558,700
Net (decrease) increase in cash and due from banks	**(10,256)**	(46,343)	29,697
Cash and due from banks at beginning of year	**370,054**	416,397	386,700
Cash and due from banks at end of year	**$ 359,798**	$ 370,054	$ 416,397
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest on deposits and borrowings	**$ 126,228**	$ 157,751	$ 234,046
Income taxes	**$ 145,716**	$ 139,120	$ 87,899
Transfer of loans and leases to other assets	**$ 23,963**	$ 44,292	$ 51,713

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Basis of Presentation The consolidated financial statements include the accounts of TCF Financial Corporation and its wholly owned subsidiaries. TCF Financial Corporation (“TCF” or the “Company”) is a national financial holding company engaged primarily in community banking, mortgage banking and leasing and equipment finance through its wholly owned subsidiary, TCF National Bank. TCF National Bank owns leasing and equipment finance, mortgage banking, securities brokerage and investment and insurance sales, and real estate investment trust (“REIT”) subsidiaries. These subsidiaries are consolidated with TCF National Bank and are therefore included in the consolidated financial statements of TCF Financial Corporation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to prior years’ financial statements to conform to the current year presentation. For Consolidated Statements of Cash Flows purposes, cash and cash equivalents include cash and due from banks.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

POLICIES RELATED TO CRITICAL ACCOUNTING ESTIMATES

Summary of Critical Accounting Estimates Critical accounting estimates occur in certain accounting policies and procedures and are particularly susceptible to significant change. Policies that contain critical accounting estimates include the determination of the allowance for loan and lease losses, mortgage servicing rights, income taxes, lease financings and pension liability and expenses.

Allowance for Loan and Lease Losses The allowance for loan and lease losses is maintained at a level believed to be appropriate by management to provide for probable loan and lease losses inherent in the portfolio as of the balance sheet date, including known or anticipated problem loans and leases, as well as for loans and leases which are not currently known to require specific allowances. Management's judgment as to the amount of the allowance, including the allocated and unallocated elements, is a result of ongoing review of larger individual loans and leases, the overall risk characteristics of the portfolios, changes in the character or size of the portfolios, the level of impaired and non-performing assets, historical net charge-off amounts, geographic location, prevailing economic conditions and other relevant factors. Impaired loans include all non-accrual and restructured commercial real estate and commercial business loans and equipment finance loans. Consumer loans, residential real estate loans and leases are excluded from the definition of an impaired loan. Loan impairment is measured as the present value of the expected future cash flows discounted at the loan's initial effective interest rate or the fair value of the collateral for collateral dependent loans. Consumer loans, residential loans, smaller-balance commercial loans and leases and equipment finance loans are segregated by loan type and sub-type, and are evaluated on a group basis. Loans and leases are charged off to the extent they are deemed to be uncollectible. The amount of the allowance for loan and lease losses is highly dependent upon management's estimates of variables affecting valuation, appraisals of collateral, evaluations of performance and status, and the amounts and timing of future cash flows expected to be received on impaired loans. Such estimates, appraisals, evaluations and cash flows may be subject to frequent adjustments due to changing economic prospects of borrowers, lessees or properties. These estimates are reviewed periodically and adjustments, if necessary, are recorded in the provision for credit losses in the periods in which they become known.

Mortgage Servicing Rights TCF records a mortgage servicing rights asset for its right to service mortgage loans it has sold to third parties, but continues to service for a fee. The total cost of loans sold is allocated between the loans sold and the servicing rights retained based on the relative fair values of each. Mortgage servicing rights are initially recorded at cost and are subsequently carried at the lower of cost, adjusted for amortization, or estimated fair value. Mortgage servicing rights are amortized in proportion to, and over the period of, estimated net servicing income.

TCF periodically evaluates its capitalized mortgage servicing rights for impairment. Loan type and note rate are the predominant risk characteristics of the underlying loans used to stratify capitalized mortgage servicing rights for purposes of measuring impairment. The fair value of mortgage servicing rights is estimated by calculating the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, discount rates, servicing costs, and other economic factors. The expected and actual rate of mortgage loan prepayments are the most significant factors driving the value of mortgage servicing rights.

Adjustments to the mortgage servicing rights valuation allowance for other than permanent impairment are recorded in mortgage banking revenues. Permanent impairment is recognized as a reduction in the capitalized mortgage servicing rights and a charge to the related valuation allowance.

Lease Financing TCF provides various types of lease financing that are classified for accounting purposes as either direct financing, sales-type, leveraged or operating leases. Leases that transfer substantially all of the benefits and risks of equipment ownership to the lessee are classified as direct financing or sales-type leases and are included in loans and leases. Direct financing and sales-type leases are carried at the combined present value of the future minimum lease payments and the lease residual value. Investments in leveraged leases are the sum of all lease payments (less non-recourse debt payments) plus estimated residual values, less unearned income. The determination of the lease classification requires various judgments and estimates by management including the fair value of the equipment at lease inception, useful life of the equipment under lease, and collectibility of minimum lease payments.

Sales-type leases generate dealer profit which is recognized at lease inception by recording lease revenue net of the lease cost. Lease revenue consists of the present value of the future minimum lease payments discounted at the rate implicit in the lease. Lease cost consists of the leased equipment's book value, less the present value of its residual. The revenues associated with other types of leases are recognized over the term of the underlying leases. Interest income on direct financing and sales-type leases is recognized using methods which approximate a level yield over the term of the leases. Income from leveraged leases is recognized using a method which approximates a level yield over the term of the leases based on the unrecovered equity investment. Management has policies and procedures in place for the determination of lease classification and review of the related judgments and estimates for all lease financings.

Additionally, some lease financings include a residual value component, which represents the estimated fair value of the leased equipment at the expiration of the initial term of the transaction. The estimation of residual values involves judgments regarding product and technology changes, customer behavior, shifts in supply and demand and other economic assumptions. These estimates are reviewed at least annually and downward adjustments, if necessary, are charged to non-interest expense in the periods in which they become known.

Pension Plan As summarized in Note 18, TCF provides pension benefits to eligible employees in the TCF Cash Balance Pension Plan. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 87 "Employers' Accounting for Pensions," the Company does not consolidate the assets and liabilities associated with the pension plan.

The measurement of the projected benefit obligation, prepaid pension asset and annual pension expense involves complex actuarial valuation methods and the use of actuarial and economic assumptions. Due to the long-term nature of the pension plan obligation, actual results may differ significantly from the actuarial-based estimates. Differences between estimates and actual experience are required to be deferred and under certain circumstances amortized over the future expected working lifetime of plan participants. As a result, these differences are not recognized when they occur. TCF closely monitors all assumptions and updates them annually.

Income Taxes Income taxes are accounted for using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The determination of current and deferred income taxes is based on complex analyses of many factors including interpretation of Federal and state income tax laws, the difference between tax and financial reporting bases of assets and liabilities (temporary differences), estimates of amounts due or owed, the timing of reversals of temporary differences and current financial accounting standards. Actual results could differ significantly from the estimates and tax law interpretations used in determining the current and deferred income tax liabilities. Additionally, there can be no assurances that estimates and interpretations used in determining income tax liabilities may not be challenged by federal and state taxing authorities.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Investments Investments are carried at cost, adjusted for amortization of premiums or accretion of discounts, using methods which approximate a level yield.

Securities Available for Sale Securities available for sale are carried at fair value with the unrealized holding gains or losses, net of related deferred income taxes, reported as accumulated other comprehensive income (loss), which is a separate component of stockholders' equity. Cost of securities sold is determined on a specific identification basis and gains or losses on sales of securities available for sale are recognized at trade dates. Declines in the value of securities available for sale that are considered other than temporary are recorded in noninterest income as a loss on securities available for sale. Discounts and premiums on securities available for sale are amortized using methods which approximate a level yield over the life of the security.

Loans Held for Sale Loans held for sale include education loans and prior to December 31, 2004 residential mortgage loans. Education loans held for sale are carried at the lower of cost or market. Residential mortgage loans held for sale are carried at the lower of cost or market as adjusted for the effects of fair value

hedges using quoted market prices. See Note 19 for additional information concerning derivative instruments and hedging activities. Net fees and costs associated with originating and acquiring loans held for sale are deferred and are included in the basis for determining the gain or loss on sales of loans held for sale. Gains on sales are recorded at the settlement date and cost is determined on a specific identification basis.

Loans and Leases Net fees and costs associated with originating and acquiring loans and leases are deferred and amortized over the lives of the assets. The net fees and costs for sales-type leases are offset against revenues recorded at the commencement of sales-type leases. Discounts and premiums on loans purchased, net deferred fees and costs, unearned discounts and finance charges, and unearned lease income are amortized using methods which approximate a level yield over the estimated remaining lives of the loans and leases.

Loans and leases, including loans that are considered to be impaired, are reviewed regularly by management and are placed on non-accrual status when the collection of interest or principal is 90 days or more past due (150 days or six payments or more past due for loans secured by residential real estate), unless the loan or lease is adequately secured and in the process of collection. When a loan or lease is placed on non-accrual status, uncollected interest accrued in prior years is charged off against the allowance for loan and lease losses. Interest accrued in the current year is reversed. For those non-accrual leases that have been funded on a non-recourse basis by third-party financial institutions, the related debt is also placed on non-accrual status. Interest payments received on non-accrual loans and leases are generally applied to principal unless the remaining principal balance has been determined to be fully collectible.

Premises and Equipment Premises and equipment, including leasehold improvements, are carried at cost and are depreciated or amortized on a straight-line basis over their estimated useful lives of owned assets and for leasehold improvements over the estimated useful life of the related asset or the lease term, whichever is shorter. Maintenance and repairs are charged to expense as incurred.

Other Real Estate Owned Other real estate owned is recorded at the lower of cost or fair value less estimated costs to sell at the date of transfer to other real estate owned. At the time a loan is transferred to other real estate owned, any carrying amount in excess of the fair value less estimated costs to sell the property is charged off to the allowance for loan and lease losses. Subsequently, should the fair value of an asset less the estimated costs to sell decline to less than the carrying amount of the asset, the deficiency is recognized in the period in which it becomes known and is included in other non-interest expense. Net operating expenses of properties and recoveries and losses on sales of other real estate owned are also recorded in other non-interest expense.

Investments in Affordable Housing Limited Partnerships Investments in affordable housing consist of investments in limited partnerships that operate qualified affordable housing projects or that invest in other limited partnerships formed to operate affordable housing projects. TCF generally utilizes the effective yield method to account for these investments with the tax credits net of the amortization of the investment reflected in the Consolidated Statements of Income as a reduction of income tax expense. However, depending on circumstances, the equity or cost methods may be utilized. The amount of the investment along with any unfunded equity contributions which are unconditional and legally binding are recorded in other assets. A liability for the unfunded equity contributions is recorded in other liabilities. At December 31, 2004, TCF's investments in affordable housing limited partnerships were $49 million, compared with $41.8 million at December 31, 2003 and were recorded in other assets.

Four of these investments in affordable housing limited partnerships are considered variable interest entities under the Financial Accounting Standards Board ("FASB") Interpretation No. 46, "Consolidation of Variable Interest Entities" as revised (FIN 46). These partnerships are not required to be consolidated with TCF under FIN 46. As of December 31, 2004, the carrying amount of these four investments, which were made in May and October 2002, November 2003 and July 2004, was $46.7 million. This amount included $13.9 million of unconditional unfunded equity contributions which are recorded in other liabilities. Thus, the maximum exposure to loss on these four investments was $46.7 million at December 31, 2004; however, the general partner of these partnerships provides various guarantees to TCF including guaranteed minimum returns. These guarantees are backed by a AAA credit-rated company and significantly limit any risk of loss.

Intangible Assets On January 1, 2002, TCF adopted SFAS No.142, "Goodwill and Other Intangible Assets," which requires that goodwill and intangible assets with indefinite lives no longer be amortized, but instead tested for impairment annually. Deposit base intangibles are amortized over 10 years on an accelerated basis. The Company reviews the recoverability of the carrying values of these assets whenever an event occurs indicating that they may be impaired. See Note 9 for additional information concerning intangible assets and goodwill.

Stock-Based Compensation TCF utilizes the recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," for stock-based grants. Under SFAS No. 123, the fair value of an option or similar equity instrument on the date of grant is amortized to expense over the vesting period of the grant. TCF applied the

intrinsic value based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," as amended, for stock-based transactions through December 31,1999. No compensation expense has been recognized for any stock option grants made prior to 2000. Had the recognition provisions of SFAS No. 123 been applied to the pre-2000 stock option grants, the related pro-forma impact on net income and earnings per share during 2003 and 2002 would have been immaterial. Compensation expense for restricted stock is recorded as unearned compensation in stockholders' equity and amortized to compensation expense over the vesting periods. See Note 17 for additional information concerning stock-based compensation.

Derivative Financial Instruments TCF utilizes derivative financial instruments to meet the ongoing credit needs of its customers and used derivatives to manage the market exposure of its residential loans held for sale and its commitments to extend credit for residential loans. Derivative financial instruments include commitments to extend credit and forward mortgage loan sales commitments. See Notes 19 and 20 for additional information concerning these derivative financial instruments.

Note 2. Cash and Due from Banks

At December 31, 2004, TCF was required by Federal Reserve Board regulations to maintain reserve balances of $70.1 million in cash on hand or at the Federal Reserve Bank.

Note 3. Investments

The carrying values of investments, which approximate their fair values, consist of the following:

	At December 31,	
(In thousands)	**2004**	**2003**
Federal Home Loan Bank stock, at cost	**$ 80,841**	$ 50,411
Federal Reserve Bank stock, at cost	**21,865**	24,045
Interest-bearing deposits with banks	**520**	767
Total investments	**$ 103,226**	$ 75,223

The carrying values and yields on investments at December 31, 2004, by contractual maturity, are shown below:

(Dollars in thousands)	**Carrying Value**	**Yield**
Due in one year or less	$ 520	1.71%
No stated maturity [(1)]	102,706	3.77
Total	$ 103,226	3.76

(1) Balance represents FRB and Federal Home Loan Bank ("FHLB") stock, required regulatory investments.

Note 4. Securities Available for Sale

Securities available for sale consist of the following:

	At December 31,							
	2004				2003			
(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities:								
Federal agencies	**$ 1,614,513**	**$ 2,045**	**$ (4,034)**	**$ 1,612,524**	$ 1,514,400	$ 13,744	$ (4,677)	$ 1,523,467
Other	**6,639**	**—**	**(222)**	**6,417**	9,272	—	(201)	9,071
Other securities	**1,000**	**—**	**—**	**1,000**	750	—	—	750
	$ 1,622,152	**$ 2,045**	**$ (4,256)**	**$ 1,619,941**	$ 1,524,422	$ 13,744	$ (4,878)	$ 1,533,288
Weighted-average yield	**5.13%**				5.33%			

Gross gains of $22.6 million, $32.8 million and $11.5 million were recognized on sales of securities available for sale during 2004, 2003 and 2002, respectively. Mortgage-backed securities aggregating $1.4 billion and $1.3 billion were pledged as collateral to secure certain deposits and borrowings at December 31, 2004 and 2003, respectively. See Notes 12 and 13 for additional information regarding securities pledged as collateral to secure certain borrowings.

The following table shows the securities available for sale portfolio’s gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2004. TCF has reviewed these securities and has concluded that the unrealized losses are temporary and no impairment has occurred at December 31, 2004.

	Less than 12 months		12 months or more		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities:						
Federal agencies	$ 994,892	$ (2,658)	$ 80,659	$ (1,376)	$ 1,075,551	$ (4,034)
Other	—	—	5,324	(222)	5,324	(222)
Total temporarily impaired securities	$ 994,892	$ (2,658)	$ 85,983	$ (1,598)	$ 1,080,875	$ (4,256)

Note 5. Loans Held for Sale

Loans held for sale consist of the following:

	At December 31,	
(In thousands)	2004	2003
Education loans	**$ 154,279**	$ 234,337
Residential mortgage loans	**—**	101,035
Total	**$ 154,279**	$ 335,372

Note 6. Loans and Leases

Loans and leases consist of the following:

	At December 31,		Percentage
(Dollars in thousands)	2004	2003	Change
Consumer:			
Real estate secured:			
First mortgage lien	**$ 2,894,538**	$ 2,446,841	18.3%
Junior lien	**1,487,478**	1,141,186	30.3
Total real estate secured	**4,382,016**	3,588,027	22.1
Other secured	**22,585**	27,265	(17.2)
Unsecured	**13,987**	15,049	(7.1)
Total consumer	**4,418,588**	3,630,341	21.7
Commercial:			
Commercial real estate:			
Permanent	**1,957,676**	1,745,435	12.2
Construction and development	**196,720**	171,266	14.9
Total commercial real estate	**2,154,396**	1,916,701	12.4
Commercial business	**424,135**	427,696	(.8)
Total commercial	**2,578,531**	2,344,397	10.0
Leasing and equipment finance:			
Equipment finance loans	**334,352**	309,740	7.9
Lease financings:			
Direct financing leases	**1,067,845**	853,395	25.1
Sales-type leases	**22,742**	33,073	(31.2)
Lease residuals, excluding leveraged leases	**35,163**	34,171	2.9

Unearned income and deferred lease costs	**(103,516)**	(92,710)	11.7
Investment in leveraged leases	**18,786**	22,728	(17.3)
Total lease financings	**1,041,020**	850,657	22.4
Total leasing and equipment finance	**1,375,372**	1,160,397	18.5
Total consumer, commercial and leasing and equipment finance	**8,372,491**	7,135,135	17.3
Residential real estate	**1,014,166**	1,212,643	(16.4)
Total loans and leases	**$ 9,386,657**	$ 8,347,778	12.4

The aggregate amount of loans to non-management directors of TCF and their related interests was $56.5 million and $60.9 million at December 31, 2004 and 2003, respectively. During 2004, $22.8 million of new loans were made, repayments of loans totaled $27.1 million and there were no changes due to the composition of outside directors and their related interests. All loans to outside directors and their related interests were made in the ordinary course of business on normal credit terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons. The aggregate amount of loans to executive officers of TCF was $115 thousand and $25 thousand at December 31, 2004 and 2003, respectively. In the opinion of management the above mentioned loans to outside directors and their related interests and executive officers do not represent more than a normal credit risk of collection.

The investment in leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of the leased assets less related unearned income. TCF has no obligation for principal and interest on notes representing third-party participation related to leveraged leases. Such notes, which totaled $19.2 million at December 31, 2004, down from $30.2 million at December 31, 2003, are recorded as an offset against the related rental receivable. At December 31, 2004, lease residuals, excluding leveraged lease residuals, totaled $35.2 million, up from $34.2 million at December 31, 2003. Included in the investment in leveraged leases, at December 31, 2004 is a 100% equity interest in a Boeing 767-300 aircraft leased to Delta Airlines, Inc. ("Delta"). The third party noteholders have a security interest in the aircraft which is superior to TCF's equity interest. Such notes, which totaled $19.2 million at December 31, 2004, down from $22.6 million at December 31, 2003, are recorded as an offset against the related rental receivable. During 2004, TCF completed its annual review of the lease residual value assumption for this aircraft and reduced the estimated residual value by $4.4 million. As required under SFAS No. 13, "Accounting for Leases", TCF recognized an impairment charge of $1.6 million which was recorded in other non-interest expense. The remaining reduction will be amortized through reduced yield on the investment over the remaining years of the lease as prescribed by SFAS No. 13. In 2004, TCF downgraded its credit rating on the aircraft leveraged lease and classified its investment as substandard and placed the lease on non-accrual status. Although Delta is current on its payments related to this transaction, if Delta declares bankruptcy, it would likely result in the charge-off of TCF's $18.8 million investment in the leveraged lease and the current payment of previously deferred income tax obligations.

TCF's net investment in leveraged leases is comprised of the following:

	At December 31,	
(In thousands)	**2004**	**2003**
Rental receivable (net of principal and interest on non-recourse debt)	**$ 10,064**	$ 12,758
Estimated residual value of leased assets	**13,660**	18,679
Less: Unearned income	**(4,938)**	(8,709)
Investment in leveraged leases	**18,786**	22,728
Less: Deferred income taxes	**(9,039)**	(11,813)
Net investment in leveraged leases	**$ 9,747**	$ 10,915

Future minimum lease payments for direct financing and sales-type leases as of December 31, 2004 are as follows:

(In thousands)	**Payments to be Received by TCF**	**Payments to be Received by other Financial Institutions**	**Total**
2005	$ 379,557	$ 29,610	$ 409,167
2006	271,260	15,628	286,888
2007	181,254	5,313	186,567
2008	106,949	315	107,264
2009	47,138	45	47,183
Thereafter	15,046	—	15,046
Total	$ 1,001,204	$ 50,911	$ 1,052,115

Note 7. Allowance for Loan and Lease Losses

Following is a summary of the allowance for loan and lease losses and selected statistics:

	Year Ended December 31,		
(Dollars in thousands)	**2004**	**2003**	**2002**
Balance at beginning of year	**$ 76,619**	$ 77,008	$ 75,028

Provision for credit losses	**10,947**	12,532	22,006
Charge-offs	**(14,247)**	(16,369)	(24,361)
Recoveries	**4,768**	3,448	4,335
Net charge-offs	**(9,479)**	(12,921)	(20,026)
Acquired allowance	**1,791**	—	—
Balance at end of year	**$ 79,878**	$ 76,619	$ 77,008
Ratio of net loan and lease charge-offs to average loans and leases outstanding	**.11%**	.16%	.25%
Allowance for loan and lease losses as a percentage of total loan and lease balances at year end	**.85**	.92	.95

Information relating to impaired loans and non-accrual loans and leases is as follows:

	At or For the Year Ended December 31,		
(In thousands)	**2004**	**2003**	**2002**
Impaired loans:			
Balance, at year-end	**$ 8,092**	$ 9,133	$ 12,090
Related allowance for loan losses, at year-end(1)	**3,668**	4,456	5,512
Average recorded investment in impaired loans	**9,840**	10,770	14,686
Interest income recognized on impaired loans (cash basis)	**108**	27	92
Other non-accrual loans and leases:			
Balance, at year-end	**38,786**	26,273	31,550
Interest income recognized on other non-accrual loans and leases (cash basis)	**1,409**	756	1,133
Contractual interest on non-accrual loans and leases(2)	**3,881**	3,271	4,301

(1) There were no impaired loans at December 31, 2004, 2003 and 2002 which did not have a related allowance for loan losses.

(2) Represents interest which would have been recorded had the loans and leases performed in accordance with their original terms.

At December 31, 2004, 2003 and 2002, TCF had no loans outstanding with terms that had been modified in troubled debt restructurings. There were no material commitments to lend additional funds to customers whose loans or leases were classified as non-accrual at December 31, 2004.

Note 8. Premises and Equipment

Premises and equipment are summarized as follows:

	At December 31,	
(In thousands)	**2004**	**2003**
Land	**$ 88,227**	$ 76,902
Office buildings	**201,373**	169,098
Leasehold improvements	**46,062**	40,927
Furniture and equipment	**242,389**	242,958
Subtotal	**578,051**	529,885
Less accumulated depreciation and amortization	**251,384**	247,692
Total	**$ 326,667**	$ 282,193

TCF leases certain premises and equipment under operating leases. Net lease expense was $25.4 million, $23.5 million and $20.8 million in 2004, 2003 and 2002, respectively.

At December 31, 2004, the total annual minimum lease commitments for operating leases were as follows:

(In thousands)	
2005	$ 23,894
2006	20,998
2007	19,633
2008	17,378
2009	16,445
Thereafter	72,093
Total	$ 170,441

Note 9. Goodwill and Other Intangible Assets

Goodwill and other intangible assets are summarized as follows:

At December 31,

(In thousands)	2004 Gross Amount	2004 Accumulated Amortization	2004 Net Amount	2003 Gross Amount	2003 Accumulated Amortization	2003 Net Amount
Amortizable intangible assets:						
Mortgage servicing rights	**$ 83,668**	**$ 37,226**	**$ 46,442**	$ 76,306	$ 24,270	$ 52,036
Deposit base intangibles	**21,180**	**16,935**	**4,245**	21,180	15,273	5,907
Total	**$ 104,848**	**$ 54,161**	**$ 50,687**	$ 97,486	$ 39,543	$ 57,943
Unamortizable intangible assets:						
Goodwill included in Banking Segment	**$ 145,462**		**$ 145,462**	$ 145,462		$ 145,462
Goodwill included in Leasing Segment	**7,137**		**7,137**	—		—
Total	**$ 152,599**		**$ 152,599**	$ 145,462		$ 145,462

Amortization expense for intangible assets was $14.8 million, $25.3 million and $24.5 million for the years ended December 31, 2004, 2003 and 2002, respectively. The following table shows the estimated future amortization expense for amortized intangible assets based on existing asset balances and the interest rate environment as of December 31, 2004. The Company's actual amortization expense in any given period may be significantly different from the estimated amounts depending upon the addition of new intangible assets, changes in mortgage interest rates, prepayment rates and other market conditions.

(In thousands) Estimated Amortization Expense for the Year Ended December 31,:	Mortgage Servicing Rights	Deposit Base Intangibles	Total
2005	$ 11,693	$ 1,659	$ 13,352
2006	9,387	1,631	11,018
2007	7,317	955	8,272
2008	5,687	—	5,687
2009	4,440	—	4,440

Note 10. Mortgage Banking

The activity in mortgage servicing rights and the related valuation allowance is summarized as follows:

(In thousands)	Year Ended December 31, 2004	2003	2002
Mortgage servicing rights at beginning of year	**$ 54,036**	$ 71,990	$ 63,607
Wholesale originations	**4,038**	21,385	30,781
Retail originations	**4,959**	12,840	8,976
Amortization	**(13,091)**	(23,679)	(22,874)
Impairment write-down	**—**	(28,500)	(8,500)
Mortgage servicing rights at end of year	**49,942**	54,036	71,990
Valuation allowance at beginning of year	**(2,000)**	(9,346)	(5,346)
Provision for impairment	**(1,500)**	(21,154)	(12,500)
Impairment write-down	**—**	28,500	8,500
Valuation allowance at end of year	**(3,500)**	(2,000)	(9,346)
Mortgage servicing rights, net	**$ 46,442**	$ 52,036	$ 62,644

The following table represents the components of mortgage banking revenue:

(In thousands)	Year Ended December 31, 2004	2003	2002
Servicing income	**$ 17,349**	$ 20,533	$ 20,443
Less mortgage servicing:			
Amortization	**13,091**	23,679	22,874
Provision for impairment	**1,500**	21,154	12,500
Subtotal	**14,591**	44,833	35,374
Net servicing income (loss)	**2,758**	(24,300)	(14,931)
Gains on sales of loans	**8,107**	33,505	18,110
Other income	**2,095**	3,514	3,800
Total mortgage banking revenue	**$ 12,960**	$ 12,719	$ 6,979

Gains on sales of loans includes the changes in fair value of residential mortgage loans held for sale, loan applications in process and related forward sales contracts. At December 31, 2004, there were no residential mortgage loans held for sale or related forward sales contracts.

At December 31, 2004, 2003 and 2002, TCF was servicing real estate loans for others with aggregate unpaid principal balances of approximately $4.5 billion, $5.1 billion and $5.6 billion, respectively. At December 31, 2004 and 2003, TCF had custodial funds of $106.1 million and $128.5 million, respectively, relating to the servicing of residential real estate loans, which are included in deposits in the Consolidated Statements of Financial Condition. These custodial deposits relate primarily to mortgage servicing operations and represent funds due to investors on mortgage loans serviced by TCF and customer funds held for real estate taxes and insurance.

The estimated fair value of mortgage servicing rights included in the Consolidated Statements of Financial Condition at December 31, 2004 was approximately $55.9 million. The estimated fair value is based on estimated cash flows discounted using rates management believes are commensurate with the risks involved. Assumptions regarding prepayments, defaults and interest rates are determined using available market information.

Note 11. Deposits

Deposits are summarized as follows:

	At December 31,					
	2004			2003		
(Dollars in thousands)	Rate at Year End	Amount	% of Total	Rate at Year End	Amount	% of Total
Checking:						
Non-interest bearing	**—%**	**$ 2,378,697**	**29.9%**	—%	$ 2,113,572	27.8%
Interest bearing	**.55**	**1,527,290**	**19.2**	.08	1,134,840	14.9
Total checking	**.22**	**3,905,987**	**49.1**	.03	3,248,412	42.7
Savings:						
Non-interest bearing	**—**	**89,578**	**1.1**	—	104,104	1.3
Interest bearing	**.62**	**1,838,294**	**23.1**	.43	1,801,819	23.7
Total savings	**.59**	**1,927,872**	**24.2**	.41	1,905,923	25.0
Money market	**.59**	**659,686**	**8.3**	.37	845,291	11.1
Total checking, savings, and money market	**.37**	**6,493,545**	**81.6**	.20	5,999,626	78.8
Certificates of deposit	**2.11**	**1,468,650**	**18.4**	2.01	1,612,123	21.2
Total deposits	**.69**	**$ 7,962,195**	**100.0%**	.58	$ 7,611,749	100.0%

Certificates of deposit had the following remaining maturities at December 31, 2004:

(In thousands) Maturity	$ 100,000 Minimum	Other	Total
0-3 months	$ 101,399	$ 340,345	$ 441,744
4-6 months	49,633	258,289	307,922
7-12 months	41,327	272,040	313,367
13-24 months	34,964	230,450	265,414
25-36 months	12,496	65,848	78,344
37-48 months	1,784	16,730	18,514
49-60 months	10,211	27,168	37,379
Over 60 months	888	5,078	5,966
Total	$ 252,702	$ 1,215,948	$ 1,468,650

Note 12. Short-term Borrowings

The following table sets forth selected information for short-term borrowings (borrowings with an original maturity of less than one year) for each of the years in the three year period ended December 31, 2004:

	2004		2003		2002	
(Dollars in thousands)	Amount	Rate	Amount	Rate	Amount	Rate
At December 31,						
Federal funds purchased	**$ 219,000**	**2.29%**	$ 219,000	.95%	$ 265,000	1.20%
Securities sold under repurchase agreements	**568,319**	**2.38**	607,631	1.30	547,743	1.37
Treasury, tax and loan note payable	**4,792**	**1.92**	14,781	.73	15,808	1.12
Federal Home Loan Bank advances	**250,000**	**2.41**	—	—	—	—
Line of credit	**14,000**	**3.18**	37,000	1.95	13,500	2.20
Total	**$ 1,056,111**	**2.37**	$ 878,412	1.23	$ 842,051	1.32
Year ended December 31,						
Average daily balance						
Federal funds purchased	**$ 203,216**	**1.45%**	$ 231,060	1.12%	$ 188,559	1.67%
Securities sold under repurchase agreements	**528,942**	**1.53**	504,328	1.26	340,311	1.70
Treasury, tax and loan note payable	**4,119**	**1.02**	5,103	.86	29,348	1.50
Federal Home Loan Bank advances	**57,513**	**2.02**	—	—	—	—

Line of credit	**15,316**	**2.78**	16,637	2.63	15,717	3.23
Total	**$ 809,106**	**1.57**	$ 757,128	1.25	$ 573,935	1.72
Maximum month-end balance						
Federal funds purchased	**$ 336,000**	**N.A.**	$ 321,000	N.A.	$ 271,000	N.A.
Securities sold under repurchase agreements	**614,641**	**N.A.**	896,752	N.A.	766,511	N.A.
Treasury, tax and loan note payable	**30,438**	**N.A.**	31,903	N.A.	200,000	N.A.
Federal Home Loan Bank advances	**300,000**	**N.A.**	—	N.A.	—	N.A.
Line of credit	**43,000**	**N.A.**	47,000	N.A.	42,500	N.A.

N.A. Not Applicable.

The securities underlying the repurchase agreements are book entry securities. During the borrowing period, book entry securities were delivered by appropriate entry into the counterparties' accounts through the Federal Reserve System. The dealers may sell, loan or otherwise dispose of such securities to other parties in the normal course of their operations, but have agreed to resell to TCF identical or substantially the same securities upon the maturities of the agreements. At December 31, 2004, all of the securities sold under repurchase agreements provided for the repurchase of identical securities and were collateralized by mortgage-backed securities having a fair value of $584.8 million.

TCF Financial Corporation (parent company only) has a $105 million line of credit maturing in April 2005 which is unsecured and contains certain covenants common to such agreements. TCF is not in default with respect to any of its covenants under the credit agreement. The interest rate on the line of credit is based on either the prime rate or LIBOR. TCF has the option to select the interest rate index and term for advances on the line of credit. The line of credit may be used for appropriate corporate purposes.

Note 13. Long-term Borrowings

Long-term borrowings consist of the following:

		At December 31,			
		2004		2003	
(Dollars in thousands)	**Year of Maturity**	**Amount**	**Weighted-Average Rate**	**Amount**	**Weighted-Average Rate**
Federal Home Loan Bank advances and securities sold under repurchase agreements	2004	**$ —**	**—%**	$ 3,000	4.76%
	2005	**1,191,500**	**3.04**	741,500	3.82
	2006	**303,000**	**4.64**	303,000	4.20
	2009	**122,500**	**5.25**	122,500	5.25
	2010	**100,000**	**6.02**	100,000	6.02
	2011	**200,000**	**4.86**	200,000	4.85
Total Federal Home Loan Bank advances and securities sold under repurchase agreements		**1,917,000**	**3.78**	1,470,000	4.31
Discounted lease rentals	2004	**—**	**—**	43,607	6.24
	2005	**27,871**	**5.63**	18,097	5.68
	2006	**15,080**	**5.75**	4,134	5.55
	2007	**5,183**	**5.91**	522	5.30
	2008	**305**	**6.41**	53	5.54
	2009	**44**	**6.59**	—	—
Total discounted lease rentals		**48,483**	**5.70**	66,413	6.04
Subordinated bank notes	2014	**74,209**	**5.27**	—	—
Other borrowings	2005	**2,200**	**4.50**	—	—
	2006	**2,200**	**4.50**	—	—
	2007	**2,200**	**4.50**	—	—
	2008	**2,200**	**4.50**	—	—
Total other borrowings		**8,800**	**4.50**	—	—
Total long-term borrowings		**$ 2,048,492**	**3.88**	$ 1,536,413	4.38

At December 31, 2004, $599.5 million of securities sold under repurchase agreements maturing in 2005 were collateralized by mortgage-backed securities having a fair value of $634.5 million.

For certain equipment leases, TCF utilizes its lease rentals and underlying equipment as collateral to borrow from other financial institutions at fixed rates on either a partial recourse or non-recourse basis. In the event of a default by the customer on these financings, the other financial institution has a first lien on the underlying leased equipment. In the case of non-recourse financings, the other financial institution has no further recourse against TCF.

At December 31, 2004, TCF has pledged residential real estate loans, consumer loans, commercial real estate loans, mortgage-backed securities and FHLB stock with an aggregate carrying value of $4.4 billion as collateral for FHLB advances. Included in FHLB advances and repurchase agreements at December 31, 2004 are $767.5 million of fixed-rate FHLB advances and repurchase agreements with other financial institutions which are callable quarterly at par until maturity. If called, replacement funding will be provided by the counterparties at the then-prevailing short-term market interest rates. The probability that these advances and repurchase agreements will be called depends primarily on the level of related interest rates during the call period. The stated maturity dates for the callable advances and repurchase agreements outstanding at December 31, 2004 were as follows (dollars in thousands):

Year	Stated Maturity	Weighted-Average Rate
2005	$ 342,000	6.20%
2006	3,000	5.46
2009	122,500	5.25
2010	100,000	6.02
2011	200,000	4.85
	$ 767,500	5.67

In 2004, TCF National Bank ("TCF Bank"), a wholly-owned subsidiary of TCF, issued $75 million of subordinated notes due 2014. The notes bear interest at a fixed rate of 5.00% for the first five years and will reprice quarterly thereafter at the three-month LIBOR rate plus 1.63%. The notes may be redeemed by TCF Bank at par after five years. These notes qualify as Tier 2 or supplemental capital for regulatory purposes, subject to certain limitations. TCF Bank paid the proceeds from the offering to TCF to be used for general corporate purposes, which may include repurchases in the open market of TCF common stock.

Note 14. Income Taxes

Income tax expense consists of:

(In thousands)	Current	Deferred	Total
Year ended December 31, 2004:			
Federal	**$ 148,043**	**$ (21,765)**	**$ 126,278**
State	**3,918**	**(713)**	**3,205**
Total	**$ 151,961**	**$ (22,478)**	**$ 129,483**
Year ended December 31, 2003:			
Federal	$ 111,922	$ (4,649)	$ 107,273
State	4,830	(198)	4,632
Total	$ 116,752	$ (4,847)	$ 111,905
Year ended December 31, 2002:			
Federal	$ 31,830	$ 86,288	$ 118,118
State	1,810	4,834	6,644
Total	$ 33,640	$ 91,122	$ 124,762

Income tax expense differs from the amounts computed by applying the federal income tax rate of 35% to income before income tax expense as a result of the following:

(In thousands)	Year Ended December 31, 2004	2003	2002
Computed income tax expense	**$ 134,567**	$ 114,724	$ 125,192
Increase (decrease) in income tax expense resulting from:			
State income tax, net of federal income tax benefit	**2,083**	3,011	4,319
Deductible stock dividends	**(3,897)**	(3,291)	(3,682)
Investments in affordable housing limited partnerships	**(2,518)**	(1,419)	(489)
Other, net	**(752)**	(1,120)	(578)
	$ 129,483	$ 111,905	$ 124,762
Effective income tax rate	**33.68%**	34.14%	34.88%

The significant components of the Company's deferred tax assets and deferred tax liabilities are as follows:

(In thousands)	At December 31, 2004	2003
Deferred tax assets:		
Restricted stock and deferred compensation plans	**$ 37,819**	$ 34,325
Allowance for loan and lease losses	**35,265**	35,820
Securities available for sale	**796**	—
Other	**9,427**	11,136
Total deferred tax assets	**83,307**	81,281
Deferred tax liabilities:		

Lease financing	**122,528**	117,991
Subsidiary tax year-end	**—**	28,931
Loan fees and discounts	**19,339**	18,428
Mortgage servicing rights	**14,090**	15,061
Pension plan	**9,464**	9,066
Premises and equipment	**8,188**	6,249
Securities available for sale	**—**	3,214
Other	**10,901**	10,032
Total deferred tax liabilities	**184,510**	208,972
Net deferred tax liabilities	**$ 101,203**	$ 127,691

The company has determined that a valuation allowance for deferred tax assets is not necessary.

Note 15. Stockholders' Equity

Restricted Retained Earnings Retained earnings at December 31, 2004 includes approximately $134.4 million for which no provision for federal income taxes has been made. This amount represents earnings legally appropriated to bad debt reserves and deducted for federal income tax purposes and is generally not available for payment of cash dividends or other distributions to shareholders. Future payments or distributions of these appropriated earnings could invoke a tax liability for TCF based on the amount of the distributions removed and the tax rates in effect at that time.

Shareholder Rights Plan Each share of TCF common stock outstanding includes one preferred share purchase right. TCF's preferred share purchase rights will become exercisable only if a person or group acquires or announces an offer to acquire 15% or more of TCF's common stock. When exercisable, each right will entitle the holder to buy one one-hundredth of a share of a new series of junior participating preferred stock at a price of $200. In addition, upon the occurrence of certain events, holders of the rights will be entitled to purchase either TCF's common stock or shares in an "acquiring entity" at half of the market value. TCF's Board of Directors (the "Board") is generally entitled to redeem the rights at $.001 per right at any time before they become exercisable. The rights will expire on June 9, 2009, if not previously redeemed or exercised.

Stock Split 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% stock dividend. The stock split resulted in an increase in issued common stock of 92,485,601 shares and was accounted for by a transfer of $925 thousand to common stock from additional paid in capital. All prior period common shares and per share disclosures have been restated to reflect the split.

Treasury Stock and Other Treasury stock and other consists of the following:

	At December 31,	
(In thousands)	**2004**	**2003**
Treasury stock, at cost	**$ (862,543)**	$ (751,586)
Shares held in trust for deferred compensation plans, at cost	**(70,775)**	(71,103)
Unamortized stock compensation	**(13,199)**	(16,712)
Total	**$ (946,517)**	$ (839,401)

TCF purchased 3,984,890; 6,918,980 and 6,216,862 shares of its common stock during the years ended December 31, 2004, 2003 and 2002 respectively. On July 21, 2003, TCF's Board of Directors authorized the repurchase of up to an additional 5% of TCF's common stock, or 7.2 million shares. At December 31, 2004, TCF had 3.5 million shares remaining in its stock repurchase program authorized by the Board of Directors.

Shares Held in Trust for Deferred Compensation Plans TCF has deferred compensation plans that allow eligible executives, senior officers and certain other employees to defer payment of up to 100% of their base salary and bonus as well as grants of restricted stock. There are no company contributions to these plans, other than payment of administrative expenses. The amounts deferred are invested in TCF stock or other publicly traded stocks, bonds or mutual funds. At December 31, 2004 the fair value of the assets in the plans totaled $253.3 million and included $246.3 million invested in TCF common stock. The cost of TCF common stock held by TCF's deferred compensation plans is reported separately in a manner similar to treasury stock (that is, changes in fair value are not recognized) with a corresponding deferred compensation obligation reflected in additional paid-in capital.

Note 16. Regulatory Capital Requirements

TCF is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by the federal banking agencies that could have a direct material effect on TCF's financial statements. Also, in general, TCF National Bank may not declare or pay a dividend to TCF in excess of 100% of its net profits for that year combined with its retained net profits for the preceding two calendar years without prior approval of the Office of the Comptroller of the Currency ("OCC").

The following table sets forth TCF's and TCF National Bank's regulatory tier 1 leverage, tier 1 risk-based and total risk-based capital levels, and applicable percentages of adjusted assets, together with the excess over minimum capital requirements:

(Dollars in thousands)	Actual Amount	Actual Ratio	Minimum Capital Requirement Amount	Minimum Capital Requirement Ratio	Excess Amount	Excess Ratio
As of December 31, 2004:						
Tier 1 leverage capital						
TCF Financial Corporation	**$ 803,870**	**6.63%**	**$ 363,940**	**3.00%**	**$ 439,930**	**3.63%**
TCF National Bank	**775,100**	**6.41**	**362,911**	**3.00**	**412,189**	**3.41**
Tier 1 risk-based capital						
TCF Financial Corporation	**803,870**	**9.12**	**352,592**	**4.00**	**451,278**	**5.12**
TCF National Bank	**775,100**	**8.81**	**351,865**	**4.00**	**423,235**	**4.81**
Total risk-based capital						
TCF Financial Corporation	**958,900**	**10.88**	**705,185**	**8.00**	**253,715**	**2.88**
TCF National Bank	**930,130**	**10.57**	**703,730**	**8.00**	**226,400**	**2.57**
As of December 31, 2003:						
Tier 1 leverage capital						
TCF Financial Corporation	$ 765,271	6.87%	$ 334,402	3.00%	$ 430,869	3.87%
TCF National Bank	754,599	6.83	331,649	3.00	422,950	3.83
Tier 1 risk-based capital						
TCF Financial Corporation	765,271	9.75	313,825	4.00	451,446	5.75
TCF National Bank	754,599	9.64	313,143	4.00	441,456	5.64
Total risk-based capital						
TCF Financial Corporation	841,982	10.73	627,650	8.00	214,332	2.73
TCF National Bank	831,310	10.62	626,286	8.00	205,024	2.62

At December 31, 2004, TCF and TCF National Bank exceeded their regulatory capital requirements and are considered "well-capitalized" under guidelines established by the FRB and the OCC pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991.

Note 17. Incentive Stock Program

The TCF Financial 1995 Incentive Stock Program (the "Program") was adopted to enable TCF to attract and retain key personnel. Under the Program, no more than 5% of the shares of TCF common stock outstanding on the date of initial shareholder approval may be awarded. At December 31, 2004, there were 5,173,282 shares reserved for issuance under the Program, including 325,864 shares related to outstanding stock options.

At December 31, 2004, there were 2,142,246 shares of performance-based restricted stock that will vest only if certain earnings per share goals are achieved by 2008. On January 6, 2005, 1,085,570 shares of performance-based restricted stock vested due to the achievement of an earnings per share goal in 2004. Failure to achieve the goals will result in all or a portion of the shares being forfeited. Other restricted stock grants generally vest over periods from three to seven years. The weighted-average grant date fair value of restricted stock was $28.14, $22.50 and $24.46 in 2004, 2003 and 2002, respectively. Compensation expense for restricted stock totaled $6.9 million, $9.7 million and $11.6 million in 2004, 2003 and 2002, respectively.

TCF has also issued stock options under the Program that generally become exercisable over a period of one to 10 years from the date of the grant and expire after 10 years. All outstanding options have a fixed exercise price equal to the market price of TCF common stock on the date of grant. As of December 31, 2004, all outstanding stock options are vested.

The following table reflects TCF's stock option and restricted stock transactions under the Program since December 31, 2001:

	Restricted Stock Shares	Restricted Stock Price Range	Stock Options Shares	Stock Options Exercise Price Range	Stock Options Exercise Price Weighted-Average
Outstanding at December 31, 2001	4,918,822	$ 9.87-24.10	740,250	$ 2.66-16.64	$ 12.33
Granted	122,800	20.71-26.39	—	—	—
Exercised	—	—	(103,596)	2.66-16.64	9.86
Forfeited	(46,490)	11.05-26.39	(28,900)	11.78-16.09	12.95
Vested	(1,724,500)	10.44-25.17	—	—	—
Outstanding at December 31, 2002	3,270,632	9.87-26.39	607,754	3.44-16.64	12.72
Granted	255,900	18.73-25.32	—	—	—
Exercised	—	—	(125,558)	10.91-16.09	12.11
Forfeited	(214,480)	9.87-26.39	(500)	10.91	10.91
Vested	(250,898)	11.05-20.38	—	—	—
Outstanding at December 31, 2003	3,061,154	9.87-20.38	481,696	3.44-16.64	12.88
Granted	**149,120**	**24.33-30.28**	**—**	**—**	**—**

Exercised	**—**	**—**	**(155,832)**	**3.44-16.64**	**12.81**
Forfeited	**(62,980)**	**11.05-30.13**	**—**	**—**	**—**
Vested	**(115,068)**	**11.05-24.10**	**—**	**—**	**—**
Outstanding at December 31, 2004	**3,032,226**	**9.87-30.28**	**325,864**	**3.44-16.64**	**12.91**
Exercisable at December 31, 2004	**N.A.**	**N.A.**	**325,864**	**3.44-16.64**	**12.91**

N.A. Not Applicable.

The following table summarizes information about stock options outstanding at December 31, 2004:

	Stock Options Outstanding and Exercisable		
Exercise Price Range	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Life in Years**
$3.44 to $10.00	31,064	$ 5.71	.8
$10.01 to $12.50	122,800	11.80	4.0
$12.51 to $15.00	116,000	14.47	4.4
$15.01 to $16.64	56,000	16.12	3.0
Total stock options	325,864	12.91	3.7

Note 18. Employee Benefit Plans

Employee Stock Purchase Plan The TCF Employees Stock Purchase Plan generally allows participants to make contributions by salary deduction of up to 50% of their salary on a tax-deferred basis. TCF matches the contributions of all employees in TCF common stock at the rate of 50 cents per dollar, with a maximum company contribution of 3% of the employee's salary. Employee contributions vest immediately while the Company's matching contributions are subject to a graduated vesting schedule based on an employee's years of vesting service over five years. In December 2004, TCF modified this plan to allow all employees the opportunity to diversify and invest their vested account balance in various mutual funds or TCF common stock. At December 31, 2004, the fair value of the assets in the plan totaled $267.8 million and included $262.2 million invested in TCF common stock. The Company's matching contributions are expensed when made. TCF's contributions to the plan were $4 million, $3.9 million and $3.6 million in 2004, 2003 and 2002, respectively.

Pension Plan The TCF Cash Balance Pension Plan (the "Pension Plan") is a qualified defined benefit plan covering eligible employees who are at least 21 years old and have completed a year of eligibility service with TCF. Employees hired after June 30, 2004 are not eligible to participate in the Pension Plan. TCF makes a monthly allocation to the participant's account based on a percentage of the participant's compensation. The percentage is based on the sum of the participant's age and years of employment with TCF and includes interest on the account balance based on the five-year Treasury rate plus 25 basis points for 2004 and based on the ten-year Treasury rate for 2003 and 2002. Participants are fully vested after five years of qualifying service.

Postretirement Plan TCF provides health care benefits for eligible retired employees (the "Postretirement Plan"). Effective January 1, 2000, TCF modified the Postretirement Plan for employees not yet eligible for benefits under the Postretirement Plan by eliminating the Company subsidy. The plan provisions for full-time and retired employees then eligible for these benefits were not changed. The Postretirement Plan is not funded.

The following table sets forth the status of the Pension Plan and the Postretirement Plan at the dates indicated:

	Pension Plan		Postretirement Plan	
	Year Ended December 31,		Year Ended December 31,	
(In thousands)	**2004**	**2003**	**2004**	**2003**
Benefit obligation:				
Accrued participant balance – vested	**$ 47,646**	$ 42,958	**N.A.**	N.A.
Accrued participant balance – unvested	**5,217**	3,621	**N.A.**	N.A.
Subtotal	**52,863**	46,579	**N.A.**	N.A.
Present value of future service and benefits	**2,351**	4,251	**N.A.**	N.A.
Total projected benefit obligation	**$ 55,214**	$ 50,830	**N.A.**	N.A.
Accumulated benefit obligation	**$ 48,296**	$ 43,230	**N.A.**	N.A.
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 50,830**	$ 42,324	**$ 12,386**	$ 11,837
Service cost – benefits earned during the year	**4,632**	3,950	**53**	60
Interest cost on projected benefit obligation	**3,164**	2,950	**672**	740
Plan amendments	**(451)**	—	**(629)**	—
Actuarial loss (gain)	**258**	3,907	**(1,793)**	891
Benefits paid	**(3,219)**	(2,301)	**(1,014)**	(1,142)
Projected benefit obligation at end of year	**55,214**	50,830	**9,675**	12,386
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	**53,855**	49,486	**—**	—

Actual return on plan assets	**5,350**	6,670	**—**	—
Benefits paid	**(3,219)**	(2,301)	**(1,014)**	(1,142)
TCF contributions	**2,575**	—	**1,014**	1,142
Fair value of plan assets at end of year	**58,561**	53,855	**—**	—
Funded status of plans:				
Funded status at end of year	**3,347**	3,025	**(9,675)**	(12,386)
Unamortized transition obligation	**—**	—	**1,044**	1,883
Unamortized prior service cost	**(670)**	(452)	**—**	—
Unrecognized net loss	**24,207**	23,344	**2,732**	4,742
Prepaid (accrued) benefit cost at end of year	**$ 26,884**	$ 25,917	**$ (5,899)**	$ (5,761)

N.A. Not Applicable.

On December 8, 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the “Act”) was signed into law. This Act includes a prescription drug benefit and a federal subsidy for sponsors of retiree healthcare plans with qualifying prescription drug benefits, beginning in 2006. TCF offers prescription drug benefits to retirees in the Postretirement Plan. In the second quarter of 2004, TCF re-measured its postretirement benefit obligation as of December 31, 2003 to include the effects of the federal subsidy provided under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. As a result of this remeasurement, TCF’s postretirement benefit obligation decreased $989 thousand and the postretirement benefit cost decreased $103 thousand in 2004.

The measurement date used for determining the Pension Plan and the Postretirement Plan projected and accumulated benefit obligations above and the date used to value plan assets disclosed above was September 30, 2004 and 2003. The discount rate and rate of increase in future compensation used to measure the benefit obligation were as follows:

	Pension Plan			Postretirement Plan		
Assumptions used to	**Year Ended December 31,**			**Year Ended December 31,**		
determine benefit obligations	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Discount rate	**6.0%**	6.0%	6.5%	**6.0%**	6.0%	6.5%
Rate of compensation increase	**4.0**	4.5	4.5	**N.A.**	N.A.	N.A.

N.A. Not Applicable.

Net periodic benefit cost (credit) included in compensation and employee benefits expense consists of the following:

	Pension Plan			Postretirement Plan		
	Year Ended December 31,			**Year Ended December 31,**		
(In thousands)	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Service cost	**$ 4,632**	$ 3,950	$ 3,547	**$ 53**	$ 60	$ 48
Interest cost	**3,164**	2,950	2,857	**672**	740	685
Expected return on plan assets	**(5,955)**	(6,374)	(7,683)	**—**	—	—
Amortization of transition obligation	**—**	—	—	**210**	210	210
Amortization of prior service cost	**(233)**	(361)	(1,056)	**—**	—	—
Recognized actuarial (gain) loss	**—**	—	(387)	**215**	226	38
Net periodic benefit cost (credit)	**$ 1,608**	$ 165	$ (2,722)	**$ 1,150**	$ 1,236	$ 981

The discount rate, the expected long-term rate of return on plan assets and the rate of increase in future compensation used to determine the net benefit cost (credit) were as follows:

	Pension Plan			Postretirement Plan		
Assumptions used to	**Year Ended December 31,**			**Year Ended December 31,**		
determine benefit cost (credit)	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Discount rate	**6.0%**	6.5%	7.5%	**6.0%**	6.5%	7.5%
Expected long-term rate of return on plan assets	**8.5**	8.5	10.0	**N.A.**	N.A.	N.A.
Rate of compensation increase	**4.5**	4.5	4.5	**N.A.**	N.A.	N.A.

N.A. Not Applicable.

TCF’s pension plan asset allocation is summarized as follows:

	Pension Plan	
	Percentage of Plan Assets at December 31,	
Asset Category	**2004**	**2003**
Equity securities, excluding TCF Financial Corporation common stock	**100%**	75%
TCF Financial Corporation common stock	**—**	2

Fixed-income securities	—	21
Cash equivalents	—	2
Total	**100%**	100%

Beginning in December 2004, the assets of TCF's pension plan are invested in passively managed index mutual funds that are designed to track the performance of the Standard and Poor's 500 and the Morgan Stanley Capital International U.S. Mid-Cap 450 indexes, at targeted weightings of 75% and 25% respectively. Prior to this, the assets were managed by external investment managers on a discretionary basis subject to certain restrictions and limitations.

The actuarial assumptions used in the pension plan valuation are reviewed annually. The expected long-term rate of return on plan assets is determined by reference to historical market returns and future expectations. The weighted average 10-year return of the indexes underlying the Plan's current investment strategy was 12.7%. Although past performance is no guarantee of the future results, TCF is not aware of any reasons why it should not be able to achieve the assumed future average annual returns of 8.5% on plan assets over complete market cycles. A 1% difference in the expected return on plan assets would result in a $655 thousand change in net periodic pension expense.

TCF currently does not expect to contribute to the Pension Plan in 2005. TCF expects to contribute approximately $1 million to the Postretirement Plan in 2005. TCF currently has no plans to pre-fund the Postretirement Plan in 2005.

The following are expected future benefit payments used to determine projected benefit obligations:

(In thousands)	Pension Plan	Postretirement Plan
2005	$ 5,721	$ 1,004
2006	5,431	934
2007	5,787	934
2008	6,105	926
2009	6,356	911
2010-2014	36,325	4,078

The following table presents assumed health care cost trend rates for the Postretirement Plan at December 31, 2004 and 2003:

	2004	2003
Health care cost trend rate assumed for next year	**10%**	11%
Final health care cost trend rate	**5%**	5%
Year that final health care trend rate is reached	**2009**	2009

Assumed health care cost trend rates have an effect on the amounts reported for the Postretirement Plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(In thousands)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 26	$ (39)
Effect on postretirement benefits obligations	551	(338)

Note 19. Derivative Instruments and Hedging Activities

All derivative instruments as defined, including derivatives embedded in other financial instruments or contracts, are recognized as either assets or liabilities in the Consolidated Statements of Financial Condition at fair value. Changes in the fair value of a derivative are recorded in the Consolidated Statements of Income. TCF had no derivatives outstanding as of December 31, 2004.

Prior to the restructuring of the residential mortgage banking operation in 2004, TCF's pipeline of locked residential mortgage loan commitments, adjusted for loans not expected to close, and forward sales contracts were considered derivatives and recorded at fair value, with the changes in fair value recognized in gains on sales of loans under mortgage banking revenue in the Consolidated Statements of Income. TCF also utilized forward sales contracts to hedge its risk of changes in the fair value, due to changes in interest rates, of both its locked residential mortgage loan commitments and its residential loans held for sale. Residential mortgage loans held for sale were carried at the lower of cost or market as adjusted for the effects of fair value hedges using quoted market prices. Because the fair value of the residential loans held for sale were hedged with forward sales contracts of the same loan types, or substantially the same loan types, the hedges were highly effective at managing the risk of changing fair values of such loans. Any differences between the changes in fair value of the hedged residential loans held for sale and in the fair value of the forward sales contracts were not material due to the nature of the hedging instruments and were recorded in gains on sales of loans. Forward mortgage loan sales commitments totaled $149.1 million at December 31, 2003.

Note 20. Financial Instruments with Off-Balance-Sheet Risk

TCF is a party to financial instruments with off-balance-sheet risk, primarily to meet the financing needs of its customers. These financial instruments, which are issued or held by TCF for purposes other than trading, involve elements of credit and interest-rate risk in excess of the amount recognized in the Consolidated Statements of Financial Condition.

TCF’s exposure to credit loss in the event of non-performance by the counterparty to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of the commitments. TCF uses the same credit policies in making these commitments as it does for on-balance-sheet instruments. TCF evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management’s credit evaluation of the customer.

Financial instruments with off-balance sheet risk are summarized as follows:

(In thousands)	At December 31, 2004	At December 31, 2003
Commitments to extend credit:		
Consumer	**$ 1,576,381**	$ 1,382,348
Commercial	**684,029**	624,664
Leasing and equipment finance	**72,614**	57,485
Other	**55,343**	56,007
Total commitments to extend credit	**2,388,367**	2,120,504
Loans serviced with recourse	**97,568**	130,765
Standby letters of credit and guarantees on industrial revenue bonds	**75,957**	40,796
Total	**$ 2,561,892**	$ 2,292,065

Commitments to Extend Credit Commitments to extend credit are agreements to lend to a customer provided there is no violation of any condition in the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Collateral predominantly consists of residential and commercial real estate.

Loans Serviced with Recourse Loans serviced with recourse represent a contingent guarantee based upon failure to perform by another party. These loans consist of $94.9 million of Veterans Administration (“VA”) loans and $2.7 million of loans sold with recourse to the Federal National Mortgage Association (“FNMA”). As is typical of a servicer of VA loans, TCF must cover any principal loss in excess of the VA’s guarantee if the VA elects its “no-bid” option upon the foreclosure of a loan. TCF has established a liability of $100 thousand relating to this VA “no-bid” exposure on VA loans serviced with partial recourse at December 31, 2004 and 2003, respectively, which was recorded in other liabilities. No significant claims have been made under the “no-bid” option during 2004 or 2003. Loans sold with recourse to FNMA represent residential real estate loans sold to FNMA prior to 1982. The contingent guarantee related to both types of recourse remains in effect for the duration of the loans and thus expires in various years through the year 2034. All loans sold with recourse are collateralized by residential real estate. Since conditions under which TCF would be required to cover any principal loss in excess of the VA’s guarantee or repurchase the loan sold to FNMA may not materialize, the actual cash requirements are expected to be less than the outstanding commitments.

Standby Letters of Credit Standby letters of credit and guarantees on industrial revenue bonds are conditional commitments issued by TCF guaranteeing the performance of a customer to a third party. These conditional commitments expire in various years through the year 2009. Collateral held primarily consists of commercial real estate mortgages. Since the conditions under which TCF is required to fund these commitments may not materialize, the cash requirements are expected to be less than the total outstanding commitments.

Note 21. Fair Values of Financial Instruments

TCF is required to disclose the estimated fair value of financial instruments, both assets and liabilities on and off the balance sheet, for which it is practicable to estimate fair value. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. Fair value estimates are subjective in nature, involving uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash and due from banks, investments and accrued interest payable and receivable approximate their fair values due to the short period of time until their expected realization. Securities available for sale are carried at fair value, which is based on quoted market prices. Certain financial instruments, including lease financings and discounted lease rentals, and all non-financial instruments are excluded from fair value of financial instrument disclosure requirements.

The following methods and assumptions are used by the Company in estimating fair value disclosures for its remaining financial instruments, all of which are issued or held for purposes other than trading.

Loans The fair value of residential loans is estimated based on quoted market prices of loans with similar characteristics. For certain variable-rate loans that reprice frequently and that have experienced no significant change in credit risk, fair values are based on carrying values. The fair values of other loans are estimated by discounting contractual cash flows adjusted for prepayment estimates, using interest rates currently being offered for loans with similar terms to borrowers with similar credit risk characteristics.

Deposits The fair value of checking, savings and money market deposits is deemed equal to the amount payable on demand. The fair value of certificates of deposit is estimated based on discounted cash flow analyses using interest rates offered by TCF for certificates of deposit with similar remaining maturities. The intangible value of long-term relationships with depositors is not taken into account in the fair values disclosed.

Borrowings The carrying amounts of short-term borrowings approximate their fair values. The fair values of TCF’s long-term borrowings are estimated based on quoted market prices or discounted cash flow analyses using interest rates for borrowings of similar remaining maturities.

Financial Instruments with Off-Balance-Sheet Risk The fair values of TCF's commitments to extend credit and standby letters of credit are estimated using fees currently charged to enter into similar agreements. For fixed-rate loan commitments and standby letters of credit issued in conjunction with fixed-rate loan agreements, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of loans serviced with recourse approximates the carrying value recorded in other liabilities.

As discussed above, the carrying amounts of certain of the Company's financial instruments approximate their fair value. The carrying amounts and fair values of the Company's remaining financial instruments are set forth in the following table:

	At December 31,			
	2004		2003	
(In thousands)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial instrument assets:				
Loans held for sale	**$ 154,279**	**$ 155,611**	$ 335,372	$ 340,189
Forward mortgage loan sales commitments[1]	**—**	**—**	(1,105)	(1,105)
Loans:				
Consumer	**4,418,588**	**4,415,340**	3,630,341	3,649,810
Commercial real estate	**2,154,396**	**2,171,409**	1,916,701	1,947,267
Commercial business	**424,135**	**424,354**	427,696	429,727
Equipment finance loans	**334,352**	**332,734**	309,740	312,948
Residential real estate	**1,014,166**	**1,022,328**	1,212,643	1,247,610
Allowance for loan losses[2]	**(58,966)**	**—**	(67,654)	—
Total financial instrument assets	**$ 8,440,950**	**$ 8,521,776**	$ 7,763,734	$ 7,926,446
Financial instrument liabilities:				
Checking, savings and money market deposits	**$ 6,493,545**	**$ 6,493,545**	$ 5,999,626	$ 5,999,626
Certificates of deposit	**1,468,650**	**1,483,190**	1,612,123	1,630,511
Short-term borrowings	**1,056,111**	**1,056,111**	878,412	878,412
Long-term borrowings	**2,048,492**	**2,091,412**	1,536,413	1,627,253
Total financial instrument liabilities	**$ 11,066,798**	**$ 11,124,258**	$ 10,026,574	$ 10,135,802
Financial instruments with off-balance-sheet risk:[3]				
Commitments to extend credit[4]	**$ 28,551**	**$ 28,551**	$ 22,773	$ 22,773
Standby letters of credit[1]	**8**	**8**	43	43
Loans serviced with recourse [1]	**(100)**	**(100)**	(100)	(100)
Total financial instruments with off-balance-sheet risk	**$ 28,459**	**$ 28,459**	$ 22,716	$ 22,716

(1) Carrying amounts are included in accrued expenses and other liabilities.
(2) Excludes the allowance for lease losses.
(3) Positive amounts represent assets, negative amounts represent liabilities.
(4) Carrying amounts are included in other assets.

Note 22. Earnings Per Common Share

The computation of basic and diluted earnings per share is presented in the following table:

	Year Ended December 31,		
(Dollars in thousands, except per-share data)	2004	2003	2002
Basic Earnings Per Common Share			
Net income	**$ 254,993**	$ 215,878	$ 232,931
Weighted average shares outstanding	**139,656,829**	144,028,040	150,480,642
Unvested restricted stock grants	**(3,040,397)**	(3,041,506)	(3,289,758)
Weighted average common shares outstanding for basic earnings per common share	**136,616,432**	140,986,534	147,190,884
Basic earnings per common share	**$ 1.87**	$ 1.53	$ 1.58
Diluted Earnings Per Common Share			
Net income	**$ 254,993**	$ 215,878	$ 232,931
Weighted average number of common shares outstanding adjusted for effect of dilutive securities:			
Weighted average common shares outstanding used in basic earnings per common share calculation	**136,616,432**	140,986,534	147,190,884

Net dilutive effect of:			
Stock option plans	**182,577**	187,346	248,444
Restricted stock plans	**375,631**	366,848	442,560
Weighted average common shares outstanding for diluted earnings per common share	**137,174,640**	141,540,728	147,881,888
Diluted earnings per common share	**$ 1.86**	$ 1.53	$ 1.58

All shares of restricted stock are deducted from weighted average shares outstanding used for the computation of basic earnings per common share. All shares of restricted stock which vest over specified time periods are included in the calculation of diluted earnings per common share using the treasury stock method. Shares of performance-based restricted stock are included in the calculation of diluted earnings per common share, using the treasury stock method, at the beginning of the quarter in which the performance goals have been achieved.

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% stock dividend. As a result of the two-for-one stock split, all prior period share and per share data have been restated.

Note 23. Comprehensive Income

Comprehensive income is the total of net income and other comprehensive income (loss), which for TCF is comprised entirely of unrealized gains and losses on investment securities available for sale. The following table summarizes the components of comprehensive income:

	Year Ended December 31,		
(In thousands)	**2004**	**2003**	**2002**
Net income	**$ 254,993**	$ 215,878	$ 232,931
Other comprehensive (loss) income:			
Unrealized holding gains (losses) arising during the period on securities available for sale	**11,522**	(30,619)	74,044
Reclassification adjustment for gains included in net income	**(22,600)**	(32,832)	(11,536)
Income tax (benefit) expense	**(4,011)**	(23,001)	22,635
Total other comprehensive (loss) income	**(7,067)**	(40,450)	39,873
Comprehensive income	**$ 247,926**	$ 175,428	$ 272,804

Note 24. Other Expense

Other expense consists of the following:

	Year Ended December 31,		
(In thousands)	**2004**	**2003**	**2002**
Deposit account losses	**$ 22,624**	$ 18,820	$ 19,206
Postage and courier	**14,002**	14,358	13,579
Telecommunication	**12,459**	12,634	12,738
Card processing and issuance	**12,446**	12,213	11,095
Office supplies	**9,891**	9,316	9,023
ATM processing	**9,171**	9,545	10,071
Federal deposit insurance and OCC assessments	**2,682**	2,796	2,761
Deposit base intangible amortization	**1,662**	1,666	1,671
Mortgage servicing liquidation expense	**1,460**	4,352	2,394
Other	**55,743**	57,646	57,431
Total other expense	**$ 142,140**	$ 143,346	$ 139,969

Note 25. Business Segments

Banking, leasing and equipment finance, and mortgage banking have been identified as reportable operating segments. Banking includes the following operating units that provide financial services to customers: deposits and investment products, commercial lending, consumer lending, residential lending and treasury services. Management of TCF’s banking area is organized by state. The separate state operations have been aggregated for purposes of segment disclosures. Leasing and equipment finance provides a broad range of comprehensive leasing and equipment finance products addressing the financing needs of diverse companies. Mortgage banking activities represent the mortgage servicing business and previously included the origination and purchase of residential mortgage loans primarily for sale to third parties, generally with servicing retained. In addition, TCF operates a bank holding company (“parent company”) and has corporate functions that provide data processing, bank operations and other professional services to the operating segments.

TCF evaluates performance and allocates resources based on the segments’ net income. The business segments follow generally accepted accounting principles as described in the Summary of Significant Accounting Policies. TCF generally accounts for intersegment sales and transfers at cost.

The following table sets forth certain information about the reported profit or loss and assets of each of TCF’s reportable segments, including a reconciliation of TCF’s consolidated totals. The results of TCF's parent company and corporate functions comprise the “other” category in the table below.

(In thousands)	Banking	Leasing and Equipment Finance	Mortgage Banking	Other	Eliminations and Reclassifications	Consolidated
At or For the Year Ended December 31, 2004:						
Revenues from external customers:						
Interest income	**$ 529,281**	**$ 89,364**	**$ 4,164**	**$ —**	**$ —**	**$ 622,809**
Non-interest income	**426,867**	**50,697**	**12,946**	**(44)**	**—**	**490,466**
Total	**$ 956,148**	**$ 140,061**	**$ 17,110**	**$ (44)**	**$ —**	**$ 1,113,275**
Net interest income	**$ 427,483**	**$ 55,699**	**$ 8,204**	**$ (831)**	**$ 1,336**	**$ 491,891**
Provision for credit losses	**4,141**	**6,806**	**—**	**—**	**—**	**10,947**
Non-interest income	**426,867**	**50,697**	**14,282**	**95,682**	**(97,062)**	**490,466**
Non-interest expense	**516,629**	**43,718**	**27,371**	**94,942**	**(95,726)**	**586,934**
Income tax expense (benefit)	**113,644**	**20,000**	**(1,727)**	**(2,434)**	**—**	**129,483**
Net income (loss)	**$ 219,936**	**$ 35,872**	**$ (3,158)**	**$ 2,343**	**$ —**	**$ 254,993**
Total assets	**$ 11,903,232**	**$ 1,449,424**	**$ 76,468**	**$ 135,615**	**$ (1,224,172)**	**$ 12,340,567**
At or For the Year Ended December 31, 2003:						
Revenues from external customers:						
Interest income	$ 545,764	$ 81,912	$ 13,843	$ —	$ —	$ 641,519
Non-interest income	355,088	51,088	12,761	342	—	419,279
Total	$ 900,852	$ 133,000	$ 26,604	$ 342	$ —	$ 1,060,798
Net interest income	$ 415,163	$ 45,358	$ 21,357	$ (1,074)	$ 341	$ 481,145
Provision for credit losses	4,361	8,171	—	—	—	12,532
Non-interest income	355,088	51,088	13,102	89,059	(89,058)	419,279
Non-interest expense	489,212	41,977	29,963	87,674	(88,717)	560,109
Income tax expense (benefit)	96,449	17,031	1,590	(3,165)	—	111,905
Net income	$ 180,229	$ 29,267	$ 2,906	$ 3,476	$ —	$ 215,878
Total assets	$ 10,915,010	$ 1,216,854	$ 173,867	$ 126,478	$ (1,113,194)	$ 11,319,015
At or For the Year Ended December 31, 2002:						
Revenues from external customers:						
Interest income	$ 632,804	$ 85,447	$ 15,112	$ —	$ —	$ 733,363
Non-interest income	359,895	51,806	6,980	1,081	—	419,762
Total	$ 992,699	$ 137,253	$ 22,092	$ 1,081	$ —	$ 1,153,125
Net interest income	$ 437,049	$ 41,374	$ 20,676	$ (1,210)	$ 1,336	$ 499,225
Provision for credit losses	12,778	9,228	—	—	—	22,006
Non-interest income	359,895	51,806	8,316	95,272	(95,527)	419,762
Non-interest expense	473,467	40,983	24,796	94,233	(94,191)	539,288
Income tax expense (benefit)	109,959	15,497	1,511	(2,205)	—	124,762
Net income	$ 200,740	$ 27,472	$ 2,685	$ 2,034	$ —	$ 232,931
Total assets	$ 11,784,981	$ 1,100,744	$ 447,840	$ 96,300	$ (1,227,796)	$ 12,202,069

Note 26. Parent Company Financial Information

TCF Financial Corporation's (parent company only) condensed statements of financial condition as of December 31, 2004 and 2003, and the condensed statements of income and cash flows for the years ended December 31, 2004, 2003 and 2002 are as follows:

Condensed Statements of Financial Condition

(In thousands)	At December 31, 2004	At December 31, 2003
Assets:		
Cash	**$ 370**	$ 397
Interest-bearing deposits with banks	**2,587**	2,457
Investment in TCF National Bank	**929,648**	910,186
Premises and equipment	**266**	228
Dividends receivable from TCF National Bank	**4,591**	11,400
Accounts receivable from affiliates	**26,923**	21,867

Other assets		**21,931**		20,179
	$	**986,316**	$	966,714
Liabilities and Stockholders' Equity:				
Short-term borrowings	**$**	**14,000**	$	37,000
Other liabilities		**13,898**		8,856
Total liabilities		**27,898**		45,856
Stockholders' equity		**958,418**		920,858
	$	**986,316**	$	966,714

Condensed Statements of Income

	Year Ended December 31,					
(In thousands)		**2004**		**2003**		**2002**
Interest income	**$**	**87**	$	40	$	323
Interest expense		**426**		438		508
Net interest (expense)		**(339)**		(398)		(185)
Dividends from TCF National Bank		**160,955**		219,653		206,566
Other non-interest income:						
Affiliate service fees		**11,859**		8,643		14,342
Other		**69**		1,338		(322)
Total other non-interest income		**11,928**		9,981		14,020
Non-interest expense:						
Compensation and employee benefits		**10,742**		7,184		12,965
Occupancy and equipment		**1,137**		631		847
Other		**1,578**		2,158		1,935
Total non-interest expense		**13,457**		9,973		15,747
Income before income tax benefit and equity in undistributed earnings of subsidiary		**159,087**		219,263		204,654
Income tax benefit		**3,382**		907		1,852
Income before equity in undistributed earnings of subsidiary		**162,469**		220,170		206,506
Equity in undistributed earnings of subsidiary		**92,524**		(4,292)		26,425
Net income	**$**	**254,993**	$	215,878	$	232,931

Condensed Statements of Cash Flows

	Year Ended December 31,					
(In thousands)		**2004**		**2003**		**2002**
Cash flows from operating activities:						
Net income	**$**	**254,993**	$	215,878	$	232,931
Adjustments to reconcile net income to net cash provided by operating activities:						
Equity in undistributed earnings of subsidiary		**(92,524)**		4,292		(26,425)
Other, net		**3,964**		(1,102)		5,323
Total adjustments		**(88,560)**		3,190		(21,102)
Net cash provided by operating activities		**166,433**		219,068		211,829
Cash flows from investing activities:						
Net (increase) decrease in interest-bearing deposits with banks		**(130)**		(661)		861
Capital distribution from TCF National Bank		**75,000**		—		—
Loan to deferred compensation plans, net		**—**		—		9,783
Purchases of premises and equipment, net		**(155)**		—		(112)
Net cash provided (used) by investing activities		**74,715**		(661)		10,532
Cash flows from financing activities:						
Dividends paid on common stock		**(104,037)**		(93,029)		(86,430)
Purchases of common stock		**(116,134)**		(150,356)		(148,030)
Net increase (decrease) in short-term borrowings		**(23,000)**		23,500		11,500
Other, net		**1,996**		1,523		914
Net cash used by financing activities		**(241,175)**		(218,362)		(222,046)
Net increase (decrease) in cash		**(27)**		45		315
Cash at beginning of year		**397**		352		37
Cash at end of year	**$**	**370**	$	397	$	352

Note 27. Litigation and Contingent Liabilities

From time to time, TCF is a party to legal proceedings arising out of its lending, leasing and deposit operations. TCF is and expects to become engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collection activities. From time to time, borrowers and other customers have also brought actions against TCF, in some cases claiming substantial amounts of damages. Financial services companies are subject to the risk of class action litigation, and TCF has had such actions brought against it from time to time. Litigation is often unpredictable and the actual results of litigation cannot be determined with certainty.

In April 2004, TCF was served with a complaint in the United States District Court, District of Minnesota, by John Matthew Saxe, individually and on behalf of other similarly situated employees. The plaintiff, a former consumer loan officer for TCF National Bank, alleges that he and other consumer lender employees were not paid overtime compensation in violation of the Federal Fair Labor Standards Act and the Minnesota Fair Labor Standards Act, and seeks as damages unpaid back wages, an additional amount equal to unpaid back wages as liquidated damages, costs and attorneys' fees. TCF has filed an answer to the complaint denying that the plaintiff or any similarly situated employee is entitled to any relief or that the plaintiff is similarly situated to other employees. Discovery in this case is pending.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for TCF Financial Corporation ("TCF Financial" or "the Company"). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are only being made in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management completed an assessment of TCF Financial's internal control over financial reporting as of December 31, 2004. This assessment was based on criteria for evaluating internal control over financial reporting established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, TCF Financial's internal control over financial reporting was effective as of December 31, 2004.

KPMG LLP, TCF Financial's registered public accounting firm that audited the consolidated financial statements included in this annual report, has issued an unqualified attestation report on management's assessment of the Company's internal controls over financial reporting.

Any control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system inherently has limitations, and the benefits of controls must be weighed against their costs. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Therefore, no assessment of a cost-effective system of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, will be detected.

/s/ WILLIAM A. COOPER
William A. Cooper
Chairman of the Board
and Chief Executive Officer

/s/ NEIL W. BROWN
Neil W. Brown
Executive Vice President
and Chief Financial Officer

/s/ DAVID M. STAUTZ
David M. Stautz
Senior Vice President, Controller
and Assistant Treasurer

February 17, 2005

Reports of Independent Registered Public Accounting Firm

KPMG

The Board of Directors and Stockholders
TCF Financial Corporation:

We have audited the accompanying consolidated statements of financial condition of TCF Financial Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TCF Financial Corporation and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of TCF Financial Corporation's internal control over financial reporting as of December 31, 2004, based on *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 17, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP
Minneapolis, Minnesota
February 17, 2005

KPMG

The Board of Directors and Stockholders
TCF Financial Corporation:

We have audited management's assessment, included in the accompanying Management Report, that TCF Financial Corporation maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TCF Financial Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that TCF Financial Corporation maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, TCF Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of TCF Financial Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, and our report dated February 17, 2005 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Minneapolis, Minnesota
February 17, 2005

Other Financial Data
Selected Quarterly Financial Data (Unaudited)

(Dollars in thousands, except per-share data)	At Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003
Selected Financial Condition Data:								
Securities available for sale	**$ 1,619,941**	$ 1,330,708	$ 1,588,372	$ 1,269,293	$ 1,533,288	$ 1,604,282	$ 1,980,830	$ 2,442,724
Residential real estate loans	**1,014,166**	1,047,079	1,091,678	1,152,357	1,212,643	1,283,640	1,393,183	1,568,430
Subtotal	**2,634,107**	2,377,787	2,680,050	2,421,650	2,745,931	2,887,922	3,374,013	4,011,154
Loans and leases excluding residential real estate loans	**8,372,491**	8,025,804	7,776,921	7,470,428	7,135,135	6,863,683	6,705,169	6,485,179
Goodwill	**152,599**	152,599	152,599	152,599	145,462	145,462	145,462	145,462
Mortgage servicing rights	**46,442**	51,474	51,290	50,726	52,036	49,119	41,379	52,953
Total assets	**12,340,567**	11,997,949	11,942,863	11,724,319	11,319,015	11,253,906	11,807,764	12,127,272
Checking, savings and money market deposits	**6,493,545**	6,323,659	6,321,761	6,328,757	5,999,626	6,115,863	6,234,447	6,068,095
Certificates of deposit	**1,468,650**	1,471,164	1,439,896	1,540,371	1,612,123	1,596,740	1,745,290	1,897,243
Total deposits	**7,962,195**	7,794,823	7,761,657	7,869,128	7,611,749	7,712,603	7,979,737	7,965,338
Short-term borrowings	**1,056,111**	845,499	869,576	469,663	878,412	900,835	546,118	774,603
Long-term borrowings	**2,048,492**	2,057,608	2,065,870	2,037,424	1,536,413	1,342,890	1,959,921	1,993,287
Stockholders' equity	**958,418**	965,266	939,152	965,950	920,858	931,968	952,069	971,413

(Dollars in thousands, except per-share data)	Three Months Ended Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003
Selected Operations Data:								
Interest income	**$ 163,388**	$ 157,413	$ 152,789	$ 149,219	$ 148,919	$ 156,482	$ 164,004	$ 172,114
Interest expense	**36,899**	32,923	30,370	30,726	29,827	36,605	44,240	49,702
Net interest income	**126,489**	124,490	122,419	118,493	119,092	119,877	119,764	122,412
Provision for credit losses	**4,073**	2,644	3,070	1,160	4,037	2,658	3,127	2,710
Net interest income after provision for credit losses	**122,416**	121,846	119,349	117,333	115,055	117,219	116,637	119,702
Non-interest income:								
Fees and other revenues	**126,311**	115,803	123,293	102,459	114,865	118,089	101,003	96,835
Gains on sales of securities available for sale	**6,204**	3,679	—	12,717	—	—	11,695	21,137
Gains (losses) on termination of debt	**—**	—	—	—	—	(37,769)	—	(6,576)
Total non-interest income	**132,515**	119,482	123,293	115,176	114,865	80,320	112,698	111,396
Non-interest expense	**154,396**	147,926	143,906	140,706	142,244	142,382	136,733	138,750
Income before income tax expense	**100,535**	93,402	98,736	91,803	87,676	55,157	92,602	92,348
Income tax expense	**33,133**	31,690	33,518	31,142	28,180	19,193	32,311	32,221
Net income	**$ 67,402**	$ 61,712	$ 65,218	$ 60,661	$ 59,496	$ 35,964	$ 60,291	$ 60,127
Per common share:								
Basic earnings	**$ .50**	$ .45	$ .47	$ .44	$ .43	$ .26	$ .43	$ .42
Diluted earnings	**$ .50**	$ .45	$ .47	$ .44	$ .43	$ .26	$ .42	$ .42
Dividends declared	**$ .1875**	$ .1875	$ .1875	$ .1875	$ .1625	$ .1625	$ .1625	$ .1625
Financial Ratios:								
Return on average assets (1)	**2.22%**	2.06%	2.20%	2.11%	2.13%	1.24%	2.04%	1.99%
Return on average common equity (1)	**28.35**	25.96	27.68	25.90	26.18	15.77	25.17	24.70
Net interest margin(1)	**4.56**	4.56	4.53	4.52	4.68	4.57	4.45	4.45
Net charge-offs as a percentage of average loans and leases(1)	**.14**	.17	.10	.02	.30	.08	.16	.09
Average total equity to average assets	**7.81**	7.94	7.95	8.13	8.13	7.89	8.11	8.06

(1) Annualized.

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Section 3: EX-21 (EX-21)

Exhibit 21

TCF FINANCIAL CORPORATION
Subsidiaries of Registrant
(As of December 31, 2004)

Subsidiary	**State of Incorporation**	**Names under which Subsidiary Does Business**
TCF Insurance Agency, Inc.	Minnesota	TCF Insurance Agency, Inc. TCF Insurance
TCF Investments, Inc.	Minnesota	TCF Investments, Inc.
TCF Foundation	Minnesota	TCF Foundation
TCF Mortgage Corporation	Minnesota	TCF Mortgage Corporation
TCF Management Corporation	Minnesota	TCF Management Corporation
TCF Agency, Inc.	Minnesota	TCF Agency Minnesota, Inc. TCF Insurance Agency Minnesota, Inc. (UT)
TCF Agency Insurance Services, Inc.	Minnesota	TCF Agency Insurance Services, Inc.
Winthrop Resources Corporation	Minnesota	Winthrop Resources Corporation
TCF Leasing, Inc.		TCF Leasing, Inc. TCF Express Leasing VGM Financial Services
TCF National Bank	United States	Great Lakes National Bank Michigan TCF Home Loans TCF National Bank – Minnesota TCF National Bank – Michigan TCF National Bank – Illinois TCF National Bank – Wisconsin TCF National Bank – Lakeshore TCF National Bank – Colorado
Service Corporation II	Michigan	Service Corporation II
Great Lakes Mortgage LLC	Michigan	Great Lakes Mortgage LLC
TCF Investments Management, Inc.	Minnesota	TCF Investments Management, Inc.
TCF Investment Holdings III, Inc.	Minnesota	TCF Investment Holdings III, Inc.
TCF Illinois Realty Investments, LLC	Minnesota	TCF Illinois Realty Investments, LLC

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Section 4: EX-23 (EX-23)

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
TCF Financial Corporation:

We consent to the incorporation by reference of our reports dated February 17, 2005, relating to the consolidated statements of financial condition of TCF Financial Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004 Form 10-K of TCF Financial Corporation, in the following Registration Statements of TCF Financial Corporation: Nos. 33-43030, 33-53986, 33-63767, 333-62792, 333-72394, and 333-113748 on Form S-8 and No. 333-56500 on Form S-3.

Minneapolis, Minnesota
February 28, 2005

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Section 5: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATIONS

I, William A. Cooper, certify that:

1. I have reviewed this annual report on Form 10-K of TCF Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2005

/s/ WILLIAM A. COOPER

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

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Section 6: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATIONS

I, Neil W. Brown, certify that:

1. I have reviewed this annual report on Form 10-K of TCF Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2005

/s/ NEIL W. BROWN

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

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Section 7: EX-32.1 (EX-32.1)

Exhibit 32.1

TCF Financial Corporation

STATEMENT PURSUANT TO 18 U.S.C. §1350

I, William A. Cooper, Chief Executive Officer of TCF Financial Corporation, a Delaware corporation (the “Company”), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company’s Annual Report on Form 10-K for the year ended December 31, 2004 (the “Periodic Report”);

2. The Periodic Report fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and

3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: February 17, 2005

/s/ WILLIAM A. COOPER
William A. Cooper
Chairman of the Board,
Chief Executive Officer and Director

* A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to TCF Financial Corporation and will be retained by TCF Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 8: EX-32.2 (EX-32.2)

Exhibit 32.2

TCF Financial Corporation

STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Neil W. Brown, Executive Vice President and Chief Financial Officer of TCF Financial Corporation, a Delaware corporation (the “Company”), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company’s Annual Report on Form 10-K for the year ended December 31, 2004 (the “Periodic Report”);

2. The Periodic Report fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and

3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: February 17, 2005

/s/ NEIL W. BROWN
Neil W. Brown
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

* A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to TCF Financial Corporation and will be retained by TCF Financial Corporation and furnished to the Securities and Exchange Commission or its

staff upon request.

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