



News Release

TCF Reports Record Second-Quarter Earnings

MINNEAPOLIS, July 19 /PRNewswire/ --

EARNINGS SUMMARY

(\$ in thousands, except per-share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Net income	\$40,989	\$40,200	\$78,329	\$80,094
Diluted earnings per common share	.49	.45	.94	.88
Basic earnings per common share	.50	.45	.94	.89
Dividends declared per common share	.1875	.1625	.35	.2875
Net interest margin	4.52%	4.94%	4.52%	4.94%
Return on average assets	1.60	1.69	1.54	1.67
Return on average realized common equity	19.81	17.52	18.93	17.29
Return on average common equity	20.11	17.37	19.04	17.13
Diluted cash earnings per common share	\$.52	\$.48	\$.98	\$.96
Cash return on average assets	1.67%	1.81%	1.61%	1.82%
Cash return on average tangible equity	26.94	23.42	25.56	23.50

TCF Financial Corporation (TCF) (NYSE: **TCB**) today reported record net income of \$41 million for the 1999 second quarter, compared with \$40.2 million for the 1998 second quarter. Diluted earnings per common share was 49 cents for the 1999 second quarter, up 9 percent from 45 cents for the same period in 1998. Cash earnings per common share, which exclude goodwill charges, was 52 cents for the 1999 second quarter, up 8 percent from 48 cents for the same 1998 period. Return on average assets was 1.60 percent and return on average realized common equity was 19.81 percent for the 1999 second quarter, compared with 1.69 percent and 17.52 percent, respectively, for the 1998 second quarter.

Year-to-date 1999 earnings totaled \$78.3 million, compared with \$80.1 million for the first half of 1998. The results for the first half of 1998 were favorably impacted by a non-recurring after-tax gain of \$3.4 million (4 cents per diluted common share) on the sale of a joint venture interest. Diluted earnings per common share was 94 cents for the first half of 1999, compared with 88 cents for the same 1998 period. Excluding the previously mentioned non-recurring gain, diluted earnings per common share for the first half of 1999 increased 12 percent over the same 1998 period. Cash earnings per common share was 98 cents for the 1999 first half, compared with 96 cents for the same 1998 period. Return on average assets was 1.54 percent and return on average realized common equity was 18.93 percent for the 1999 first half, compared with 1.67 percent and 17.29 percent, respectively, for the prior-year period.

"We are pleased to report record earnings for the second quarter," said William A. Cooper, TCF chairman and chief executive officer. "Our Power Assets(SM) and Power Liabilities(SM) continued their significant growth during the quarter. With originations at an all-time high and prepayments at a more normal level, our Power Assets(SM), which are

higher-yielding consumer and commercial loans and leases, grew \$183 million during the second quarter and \$397 million from year end. Branch expansion efforts have also contributed to our success in growing Power Liabilities(SM), which consist of lower interest-cost checking, savings and money market accounts. The average balance of these deposits increased \$271 million from June 1998. We continued our de novo expansion strategy in the second quarter by opening eight new supermarket branches and we expect to open another 25 branches in the second half of this year.

Fee income was a major contributor to TCF's earnings for the second quarter, increasing by 15 percent over the same period last year, and now comprises 40 percent of total revenues. Our expanding supermarket franchise has become a significant driver behind the growth in our fee income. Deposit fees and other revenues in these branches totaled \$21.6 million in the 1999 second quarter, an increase of 63 percent from \$13.2 million in the 1998 second quarter. Our supermarket branches have been very successful at growing Power Liabilities(SM); since year end these deposits have increased 15 percent, and totaled \$488 million at June 30. During the first six months, these branches have added 55,000 checking accounts. Overall, our branch network has added 77,000 checking accounts since year end, for a total of 990,000 accounts at June 30. We anticipate our one millionth checking account sometime in the third quarter, a very significant accomplishment for a \$10 billion bank."

Net interest income was \$106.7 million for the 1999 second quarter, compared with \$107.3 million for the 1998 second quarter and \$104.8 million for the 1999 first quarter. TCF's net interest margin was 4.52 percent for the 1999 second quarter, compared with 4.94 percent for the 1998 second quarter and 4.52 percent for the 1999 first quarter. For the first half of 1999, net interest income and net interest margin were \$211.6 million and 4.52 percent, respectively, compared with \$216.4 million and 4.94 percent for the same 1998 period. TCF's net interest income and net interest margin were negatively impacted, as compared to last year, by the high loan prepayment activity in 1998, and the discontinuation of the higher-yielding consumer finance automobile business which is down \$152.8 million from June 30, 1998. The increase in net interest income for the 1999 second quarter compared with the 1999 first quarter reflects the increases in Power Assets(SM) and Power Liabilities(SM).

Non-interest income (excluding gains on sales of branches, loan servicing, securities, and a joint venture interest) totaled \$72.9 million for the 1999 second quarter, up 15 percent from \$63.5 million for the 1998 second quarter. On the same basis, non-interest income totaled \$141.3 million for the first half of 1999, up 16 percent from \$121.3 million for the same 1998 period. These improvements were largely due to increased deposit and electronic funds transfer revenues, and reflect TCF's expanded retail banking operations from its de novo expansion.

Non-interest expense (excluding the amortization of goodwill and deposit base intangibles) totaled \$110.1 million for the 1999 second quarter, up 7 percent from \$102.7 million for the 1998 second quarter. On the same basis, non-interest expense totaled \$215.8 million for the first half of 1999, up 7 percent from \$201.2 million. These increases were primarily due to the costs associated with expanded retail banking operations.

Non-performing assets (principally non-accrual loans and leases, and real estate acquired through foreclosure) were \$50.1 million at June 30, compared with \$48.7 million at Dec. 31, 1998. TCF provided \$2.9 million for credit losses in the 1999 second quarter, compared with \$3 million in the 1998 second quarter and \$7.8 million in the 1999 first quarter. Net loan and lease charge-offs were \$6.8 million (including \$6.1 million of consumer finance automobile loans), or 0.37 percent of average loans and leases outstanding, in the 1999 second quarter, compared with \$5.4 million, or 0.30 percent of average loans and leases, for the same 1998 period. At June 30, TCF's allowance for loan and lease losses totaled \$71.3 million, compared with \$80 million at year-end 1998, and was 207 percent of non-accrual loans and leases. The decrease in the allowance primarily reflects the decrease in consumer finance automobile loans, partially offset by the overall impact of loan growth. During the 1999 second quarter, TCF sold \$52.1 million of its consumer finance automobile portfolio.

Total loans and leases were \$7.4 billion at June 30, up \$290 million from year-end 1998. Higher-yielding consumer and commercial loans and leases, excluding consumer finance automobile loans, totaled \$3.5 billion, up \$397.2 million

from year-end 1998. At June 30, TCF's home equity loan portfolio totaled \$1.8 billion, up \$263 million from year-end 1998.

Deposits totaled \$6.6 billion at June 30, down \$66.9 million from year-end 1998. However, average Power Liabilities(SM) increased \$270.9 million during the first six months of 1999 as compared with the same 1998 period, including a \$234.9 million increase in checking account deposits. TCF had 990,000 checking accounts at June 30, up from 913,000 at year-end 1998. Average higher interest-cost certificates of deposit decreased \$507.3 million during the first half of 1999 as compared with the same 1998 period. The weighted average rate on total deposits for the first half of 1999 was 2.63 percent, down from 3.23 percent from the same 1998 period.

At June 30, book value per common share was \$9.71 based on 83,436,649 common shares outstanding. TCF repurchased 2.4 million shares of its common stock in the first half of 1999 under its stock repurchase program. TCF has 3.5 million shares remaining in a 5 percent stock repurchase program authorized by the board of directors in December 1998.

TCF is a \$10.3 billion national bank holding company based in Minneapolis. TCF's banks are based in Minnesota, Illinois, Wisconsin, and Colorado as TCF National Bank, and in Michigan as Great Lakes National Bank. Other TCF affiliates include business-equipment leasing, mortgage banking, title insurance, and annuity and mutual fund sales companies.

There are a number of important factors which could cause TCF's future results to differ materially from historical performance and which make any forward-looking statements about TCF's financial results subject to a number of risks and uncertainties. These include but are not limited to possible legislative changes; adverse economic developments which may increase default and delinquency risks in TCF's loan and lease portfolios or lead to other adverse developments; increases in bankruptcy filings by TCF's loan and lease customers; shifts in interest rates which may result in shrinking interest margins, increased borrowing costs or other adverse developments; deposit outflows; interest rates on competing investments; demand for financial services and loan and lease products; increases in competition in the banking and financial services industry; changes in accounting policies or guidelines, or monetary and fiscal policies of the federal government; inflation; changes in the quality or composition of TCF's loan, lease and investment portfolios; adverse changes in securities markets; results of litigation or other significant uncertainties. TCF's Year 2000 compliance initiatives or other required technological changes are subject to certain uncertainties which may delay or increase the cost of implementation. To some extent, TCF's operations will be dependent on the Year 2000 compliance achieved by outside vendors, borrowers and government agencies or instrumentalities such as the Federal Reserve System, and also on the cooperation of such parties in testing the effectiveness of compliance initiatives. TCF's 1997 and 1998 acquisitions (and its commitment to construct additional Jewel-Osco branches in future periods) are subject to additional uncertainties, including the possible failure to fully realize anticipated benefits from the transactions. Significant uncertainties in such transactions include lower than expected income or revenue or higher than expected operating costs; greater than expected costs or difficulties related to the integration and retention of employees of the acquired business operations; and other unanticipated occurrences which may increase the costs related to the transactions or decrease the expected financial benefits of the transactions.

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (In Thousands, Except Per-Share Data)
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Interest income:				
Loans and leases	\$152,177	\$159,327	\$302,418	\$320,175

Securities available for sale	28,683	20,929	56,771	45,093
Loans held for sale	3,273	3,572	6,792	7,253
Investments	2,226	3,075	4,421	5,858
Total interest income	186,359	186,903	370,402	378,379
Interest expense:				
Deposits	42,965	54,096	86,855	110,468
Borrowings	36,672	25,510	71,986	51,462
Total interest expense	79,637	79,606	158,841	161,930
Net interest income	106,722	107,297	211,561	216,449
Provision for credit losses	2,947	2,991	10,707	8,975
Net interest income after provision for credit losses	103,775	104,306	200,854	207,474
Non-interest income:				
Fee and service charge revenues	37,469	31,514	71,310	58,445
Electronic funds transfer revenues	16,890	12,619	31,287	22,730
Leasing revenues	5,389	6,568	12,983	14,261
Title insurance revenues	4,512	5,007	8,978	9,543
Commissions on sales of annuities	2,451	2,199	4,651	4,423
Commissions on sales of mutual funds	1,716	1,404	3,258	2,735
Gain on sale of loans held for sale	1,061	1,208	2,630	3,362
Other	3,409	3,012	6,185	5,842
	72,897	63,531	141,282	121,341
Gain (loss) on sale of securities available for sale	(5)	1,787	3,194	2,289
Gain on sale of loan servicing	743	--	3,076	--
Gain on sale of branches	2,382	4,260	2,382	6,308
Gain on sale of joint venture interest	--	--	--	5,580
	3,120	6,047	8,652	14,177
Total non-interest income	76,017	69,578	149,934	135,518
Non-interest expense:				
Compensation and employee benefits	60,151	55,186	118,204	107,949
Occupancy and equipment	18,131	17,642	36,240	34,947
Advertising and promotions	4,730	5,458	9,384	10,724
Federal deposit insurance premiums and assessments	1,321	1,384	2,686	2,779
Amortization of goodwill and other intangibles	2,673	2,826	5,348	5,742
Other	25,773	23,078	49,242	44,752
Total non-interest expense	112,779	105,574	221,104	206,893
Income before income tax expense	67,013	68,310	129,684	136,099
Income tax expense	26,024	28,110	51,355	56,005
Net income	\$40,989	\$40,200	\$78,329	\$80,094
Net income per common share:				
Basic	\$.50	\$.45	\$.94	\$.8
Diluted	\$.49	\$.45	\$.94	\$.8
Dividends declared per common share	\$.1875	\$.1625	\$.35	\$.2875
Average common and common equivalent shares outstanding:				
Basic	82,616	89,425	83,115	90,169
Diluted	83,238	90,272	83,667	91,044

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in Thousands, Except Per-Share Data)
(Unaudited)

	ASSETS	
	At	At
	June 30, 1999	December 31, 1998
Cash and due from banks	\$367,573	\$420,477
Investments	194,781	277,715
Securities available for sale	1,701,063	1,677,919
Loans held for sale	201,991	213,073
Loans and leases:		
Residential real estate	3,773,094	3,765,280
Commercial real estate	902,661	811,428
Commercial business	356,038	289,104
Consumer	1,999,561	1,876,554
Lease financing	399,817	398,812
Total loans and leases	7,431,171	7,141,178
Allowance for loan and lease losses	(71,346)	(80,013)
Net loans and leases	7,359,825	7,061,165
Goodwill	162,785	166,645
Deposit base intangibles	14,750	16,238
Other assets	335,573	331,362
	\$10,338,341	\$10,164,594

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Checking	\$1,851,039	\$1,879,623
Passbook and statement	1,186,405	1,176,931
Money market	737,117	700,004
Certificates	2,873,722	2,958,588
Total deposits	6,648,283	6,715,146
Securities sold under repurchase agreements	201,687	367,280
Federal Home Loan Bank advances	1,997,346	1,804,208
Discounted lease rentals	168,442	183,684
Other borrowings	367,177	105,874
Total borrowings	2,734,652	2,461,046
Accrued interest payable	28,856	27,601
Accrued expenses and other liabilities	116,102	115,299
Total liabilities	9,527,893	9,319,092
Stockholders' equity:		
Preferred stock, par value \$.01 per share, 30,000,000 shares authorized; none issued and outstanding	--	--
Common stock, par value \$.01 per share, 280,000,000 shares authorized; 92,822,005 and 92,912,246 shares issued	928	92
Additional paid-in capital	501,588	507,534
Retained earnings, subject to certain restrictions	658,933	610,177
Unamortized deferred compensation	(18,580)	(24,217)
Loan to Executive Deferred Compensation Plan	(5,503)	(6,111)
Shares held in trust for deferred compensation plans, at cost	(46,187)	(45,740)
Accumulated other comprehensive income (loss)	(26,117)	7,591
Treasury stock, at cost, 9,385,356 and 7,343,117 shares	(254,614)	(204,661)
Total stockholders' equity	810,448	845,502

\$10,338,341

\$10,164,594

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Dollars in Thousands, Except Per-Share Data)
(Unaudited)

	At June 30, 1999	At December 31, 1998
Other Financial Condition Data:		
Tangible net worth	\$632,913	\$662,619
Stockholders' equity to total assets	7.84%	8.32%
Book value per common share	\$9.71	\$9.88
Tangible book value per common share	7.59	7.74
Non-performing assets:		
Non-accrual loans and leases	\$34,543 (a)	\$33,697
Other real estate owned and other assets	15,575	14,972
Total non-performing assets	\$50,118	\$48,669

(a) Includes \$3.2 million of lease financings that have been funded on a non-recourse basis by third-party financial institutions.

Allowance for loan and lease losses as a percentage of total loans and leases	0.96 %	1.12 %
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Consumer loans:

Home equity	\$1,789,165	\$1,526,129
Automobile	193,937	337,893
Other secured	19,107	26,614
Unsecured	28,943	35,290
Unearned discounts and deferred loan fees	(31,591)	(49,372)
Total consumer loans	\$1,999,561	\$1,876,554

Consumer finance automobile loans, net of unearned discounts and deferred loan fees	\$118,916	\$233,948
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Delinquency data:

Total loans and leases over 30-days	.58%	.94%
Total consumer loans over 30-days	1.33	2.83
Finance company automobile loans over 60-days	2.79	3.23

	At or For the Quarter Ended June 30,			
	1999	1998	Increase (Decrease)	% Change
Supermarket Banking Summary:				
Number of branches	174	147	27	18.4 %
Number of deposit accounts	491,251	335,935	155,316	46.2
Deposits:				
Checking	\$309,076	\$209,908	\$99,168	47.2
Savings	118,050	86,291	31,759	36.8
Money market	60,390	51,149	9,241	18.1
Total Power Liabilities	487,516	347,348	140,168	40.4
Certificates	229,281	176,622	52,659	29.8
Total deposits	\$716,797	\$523,970	\$192,827	36.8
Average rate on deposits	1.99%	2.48%	(0.49)%	(19.8)%
Total fees and other revenues	\$21,553	\$13,194	\$8,359	63.4

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED AVERAGE BALANCE SHEETS, INTEREST AND DIVIDENDS
EARNED OR PAID, AND RELATED INTEREST YIELDS AND RATES

(Dollars in Thousands)
(Unaudited)

	Three Months Ended June 30,					
	1999			1998		
	Average Balance	Interest	Interest Yields and Rates(a)	Average Balance	Interest	Interest Yields and Rates(a)
Assets:						
Investments	\$135,754	\$2,226	6.56%	\$196,549	\$3,075	6.26%
Securities available for sale	1,750,324	28,683	6.55	1,201,913	20,929	6.97
Loans held for sale	199,472	3,273	6.56	199,838	3,572	7.15
Loans and leases	7,366,849	152,177	8.26	7,084,205	159,327	9.00
Total interest- earning assets	9,452,399	186,359	7.89	8,682,505	186,903	8.61
Other assets	799,359			815,825		
Total assets	\$10,251,758			\$9,498,330		
Liabilities and Stockholders' Equity:						
Non-interest bearing						
deposits	\$1,183,438			\$1,017,419		
Interest- bearing						
deposits	5,457,110	42,965	3.15	5,782,956	54,096	3.74
Total deposits	6,640,548	42,965	2.59	6,800,375	54,096	3.18
Borrowings	2,631,578	36,672	5.57	1,625,577	25,510	6.28
Total interest- bearing liabilities	8,088,688	79,637	3.94	7,408,533	79,606	4.30
Other liabilities	164,160			146,729		
Total liabilities	9,436,286			8,572,681		
Stockholders' equity	815,472			925,649		
Total liabilities and stockholders' equity	\$10,251,758			\$9,498,330		
Net interest income		\$106,722			\$107,297	
Net interest- rate spread			3.95%			4.31%
Net interest margin			4.52%			4.94%

(a) Annualized.

TCF FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED AVERAGE BALANCE SHEETS, INTEREST AND DIVIDENDS
EARNED OR PAID, AND RELATED INTEREST YIELDS AND RATES
(Dollars in Thousands)
(Unaudited)

	Six Months Ended June 30,					
	1999			1998		
	Average Balance	Interest	Interest Yields and Rates(a)	Average Balance	Interest	Interest Yields and Rates(a)
Assets:						
Investments	\$137,375	\$4,421	6.44%	\$187,685	\$5,858	6.24%
Securities available for sale	1,727,589	56,771	6.57	1,290,096	45,093	6.99
Loans held for sale	207,173	6,792	6.56	204,923	7,253	7.08
Loans and leases	7,298,092	302,418	8.29	7,077,616	320,175	9.05
Total interest- earning assets	9,370,229	370,402	7.91	8,760,320	378,379	8.64
Other assets	813,057			809,060		
Total assets	\$10,183,286			\$9,569,380		
Liabilities and Stockholders' Equity:						
Non-interest bearing deposits	\$1,152,945			\$948,727		
Interest- bearing deposits	5,446,832	86,855	3.19	5,887,455	110,468	3.75
Total deposits	6,599,777	86,855	2.63	6,836,182	110,468	3.23
Borrowings	2,583,851	71,986	5.57	1,642,318	51,462	6.27
Total interest- bearing liabilities	8,030,683	158,841	3.96	7,529,773	161,930	4.30
Other liabilities	176,918			155,635		
Total liabilities	9,360,546			8,634,135		
Stockholders' equity	822,740			935,245		
Total liabilities and stockholders' equity	\$10,183,286			\$9,569,380		
Net interest income		\$211,561			\$216,449	
Net interest- rate spread			3.95%			4.34%
Net interest margin			4.52%			4.94%

(a) Annualized.