Top-Line Revenue Growth

Totally Free Checking

Innovations

TCF Financial Corporation

A National Financial Holding Company

Convenient Banking

Supermarket Banking

Earnings per Share Growth

Check Card

2000 Annual Report

Leasing and Equipment Finance

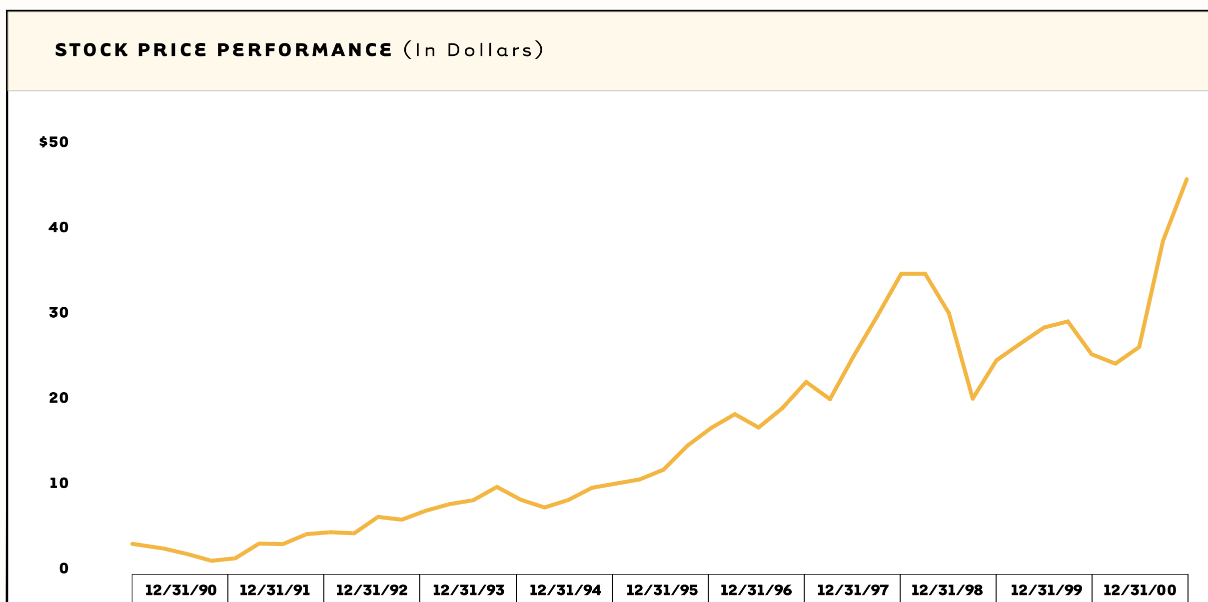
De Novo Expansion

ABOUT THE COVER Our cover is not just a list of banking terms; rather it is a composite of the ideas and ideals that have molded TCF Bank over the years. Beginning in the late 1980's, with the introduction of ŒTotally Free Checking• and home equity loans, TCF has defined itself as a bank of customer convenience. TCF banks everyone; our primary focus is lower- and middle-income customers and small to medium-sized businesses in our markets.

Over the last 15 years we have introduced such convenient banking services as supermarket banking, ATMs, phone banking and debit cards. In June of this year, we launched our online banking service. When we combine this suite of services with the fact that we are open 12 hours a day, holidays, seven days a week and 360 + days a year, we believe we are the most convenient bank in Minnesota, Illinois, Michigan, Wisconsin and Colorado.

Our de novo expansion strategy of opening new branches and introducing new products and services is working. We have opened 164 branches over the last three years, and plan to continue with 30 to 40 branches in 2001. TCF's introduction of the TCF Express Phone Card was very successful, leading the way to an 18% increase in fee income. Our online banking service has already attracted over 25,000 customers.

TCF's ongoing belief in the products and services listed on our cover is producing results. We are now listed among the top performing banks in the nation and have some of the highest performance ratios in the industry. TCF has posted record operating earnings for the last 10 years, and enjoyed a 79% increase in our stock price in 2000.



CORPORATE PROFILE TCF Financial Corporation is a Wayzata, Minnesota based national financial holding company with $11.2 billion in assets. TCF has more than 350 banking offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. Other TCF affiliates provide leasing, mortgage banking, and annuity, insurance and mutual fund sales.

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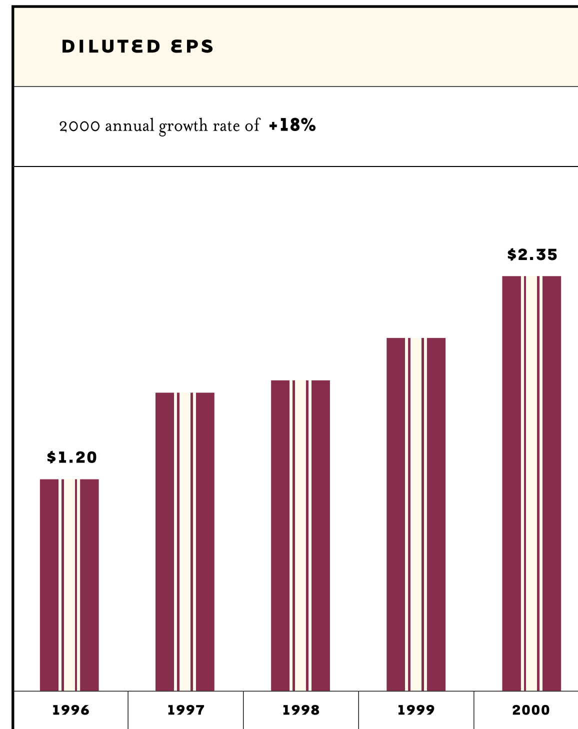
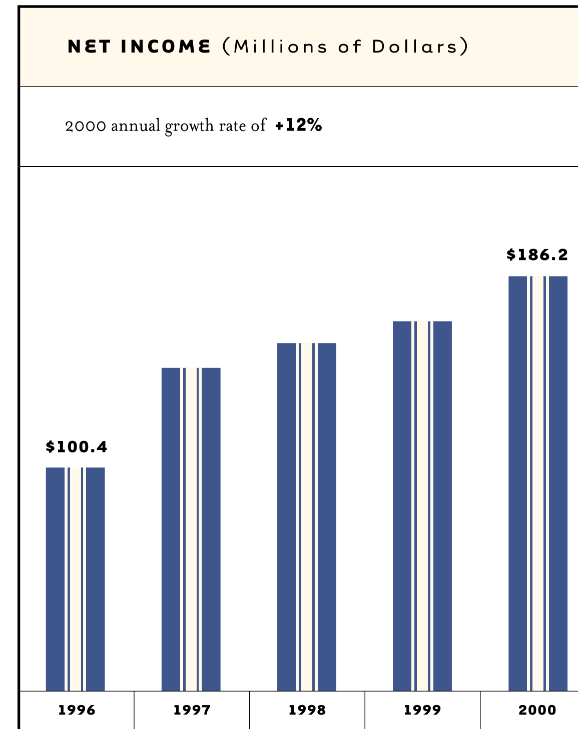
FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per-share data)	At or For the Year Ended December 31, 2000	1999	% Change
Operating Results:			
Net interest income	**$ 438,536**	$ 424,213	3.4%
Fees and other revenues[1]	**328,789**	279,226	17.8
Top-line revenue	**767,325**	703,439	9.1
Provision for credit losses	**14,772**	16,923	(12.7)
Non-interest expense	**462,528**	452,798	2.1
Operating income (pre-tax)	**290,025**	233,718	24.1
Non-operating income	**12,813**	39,373	(67.5)
Income tax expense	**116,593**	107,052	8.9
Net income	**$ 186,245**	$ 166,039	12.2
Per Common Share Information:			
Basic earnings	**$ 2.37**	$ 2.01	17.9
Diluted earnings	**2.35**	2.00	17.5
Diluted cash earnings	**2.44**	2.10	16.2
Dividends declared	**.825**	.725	13.8
Stock price:			
High	**45.56**	30.69	
Low	**18.00**	21.69	
Close	**44.56**	24.88	79.1
Book value	**11.34**	9.87	14.9
Tangible book value	**9.29**	7.78	19.4
Price to book value	**393%**	252%	56.0
Price to tangible book value	**480**	320	50.0
Financial Ratios:			
Return on average assets	**1.72%**	1.61%	6.8
Return on average realized common equity	**21.53**	19.83	8.6
Cash return on average assets	**1.79**	1.69	5.9
Cash return on average realized common equity	**22.40**	20.79	7.7
Net interest margin	**4.35**	4.47	(2.7)
Average total equity to average assets	**7.58**	7.93	(4.4)
Total equity to total assets at year end	**8.13**	7.59	7.1
Tangible equity to total assets at year end	**6.66**	5.98	11.4
Realized tangible equity to total assets at year end	**6.75**	6.42	5.1

[1] Excludes title insurance revenues, a business sold in 1999, and gains on sales of branches, subsidiaries, securities and loan servicing.

(Dollars in thousands)	At December 31, 2000	1999	% Change
Balance Sheet Data:			
Total assets	**$11,197,462**	$10,661,716	5.0%
Investments	**134,059**	148,154	(9.5)
Securities available for sale	**1,403,888**	1,521,661	(7.7)
Residential real estate loans	**3,673,831**	3,919,678	(6.3)
Other loans and leases	**4,872,868**	3,976,065	22.6
Goodwill	**153,239**	158,468	(3.3)
Deposit base intangibles	**11,183**	13,262	(15.7)
Deposits	**6,891,824**	6,584,835	4.7
Securities sold under repurchase agreements and federal funds purchased	**1,085,320**	1,010,000	7.5
Federal Home Loan Bank advances	**1,891,037**	1,759,787	7.5
Other borrowings	**207,888**	314,101	(33.8)
Stockholders' equity	**910,220**	808,982	12.5
Tangible equity	**745,798**	637,252	17.0
Realized tangible equity	**$ 755,666**	$ 684,634	10.4
Common shares outstanding	**80,289,033**	81,944,188	(2.0)





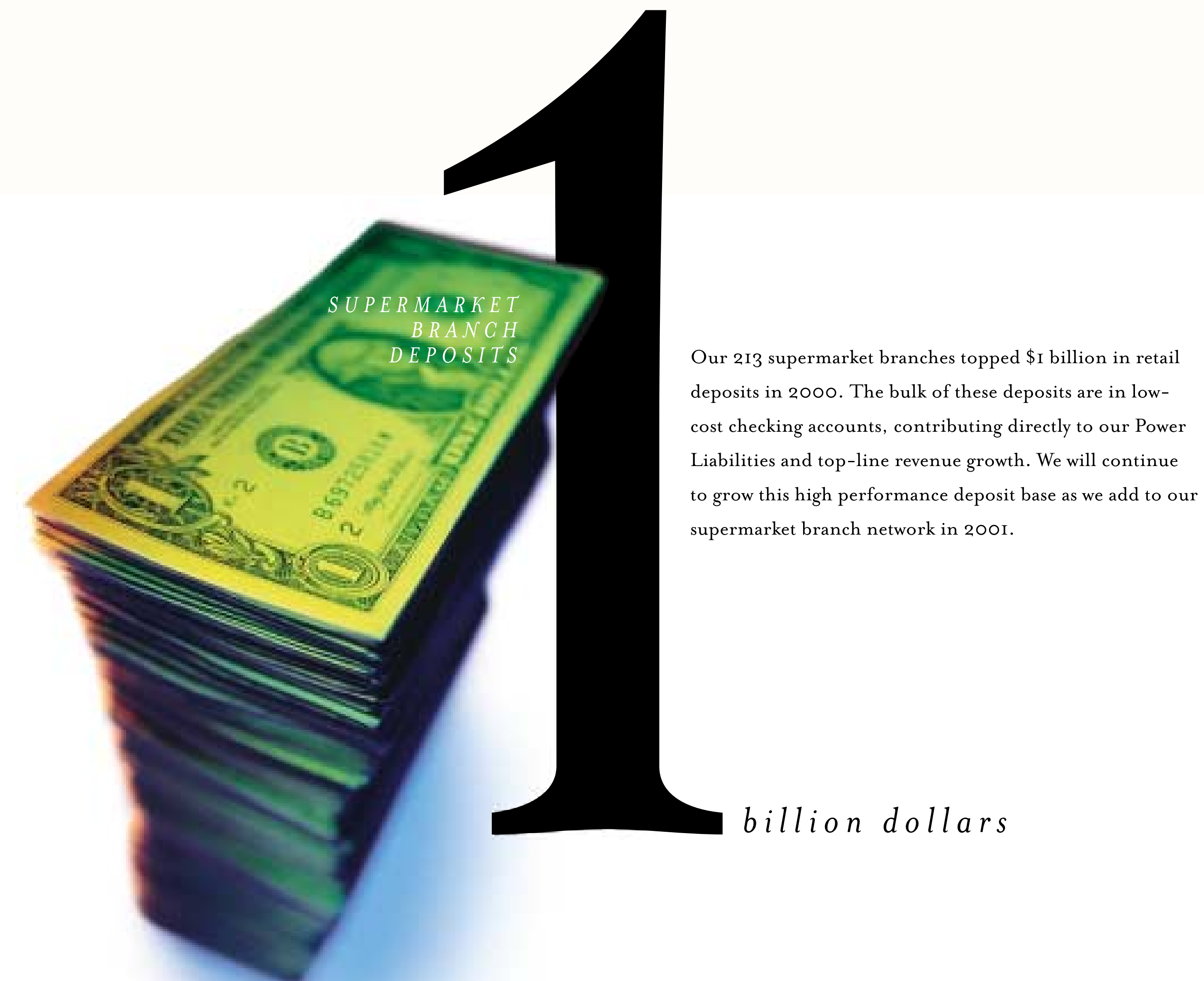
letter to our shareholders

2000 was another good year for TCF. We earned a record $186.2 million in 2000, our 10th consecutive year of record operating earnings. Our diluted earnings per share increased 17.5 percent to $2.35. Return on average assets (ROA) was 1.72 percent, and our return on average realized common equity (RORE) was 21.53 percent. On a cash basis (perhaps a better measure of performance), TCF earned $2.44 per common share, a return on average assets of 1.79 percent and a return on average realized common equity of 22.40 percent.

Our stock closed at $44.56 per share at December 31, 2000, up from $24.88 per share at year-end 1999, an increase of 79 percent. Our annualized total return to investors over the past ten years was over 40 percent. Our stock hit a low of $18 in March of 2000, a buying opportunity that we took advantage of (TCF purchased 3.2 million shares of stock at an average cost of $22.76 per share in 2000). The stock price appreciation we experienced in 2000 can be attributed to our superior performance, in addition to the market's acceptance of our unique strategy of convenience banking and de novo expansion. Our price-to-earnings ratio moved from 12.4x at year-end 1999 to 19x at year-end 2000, lifting TCF from a discount price-to-earnings ratio (as compared with our peers) to a premium ratio. We now rank ninth in the top 50 banks in price-to-earnings ratio.

Year 2000's financial results were highlighted by solid top-line revenue growth, improved credit quality, increased POWER ASSETS® (consumer, commercial and leasing credits), increased POWER LIABILITIES® (core deposits) and flat non-interest expenses. I believe that TCF's philosophy of convenient banking for customers from all economic levels, along with de novo expansion, new product development, and our focus on core banking activities, is a proven strategy that has worked well for us in the past and will work well for us in the future.

Top-Line Revenue TCF is one of the few banks that has shown consistent top-line revenue growth. Top-line revenue, which consists of net interest income and fee income, was up $63.9 million for 2000, an increase of 9 percent. This is an important number



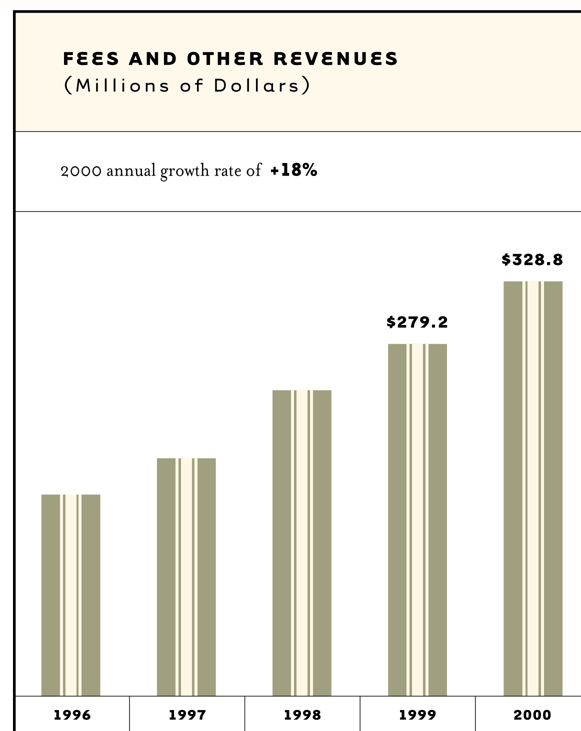
Our 213 supermarket branches topped $1 billion in retail deposits in 2000. The bulk of these deposits are in low-cost checking accounts, contributing directly to our Power Liabilities and top-line revenue growth. We will continue to grow this high performance deposit base as we add to our supermarket branch network in 2001.

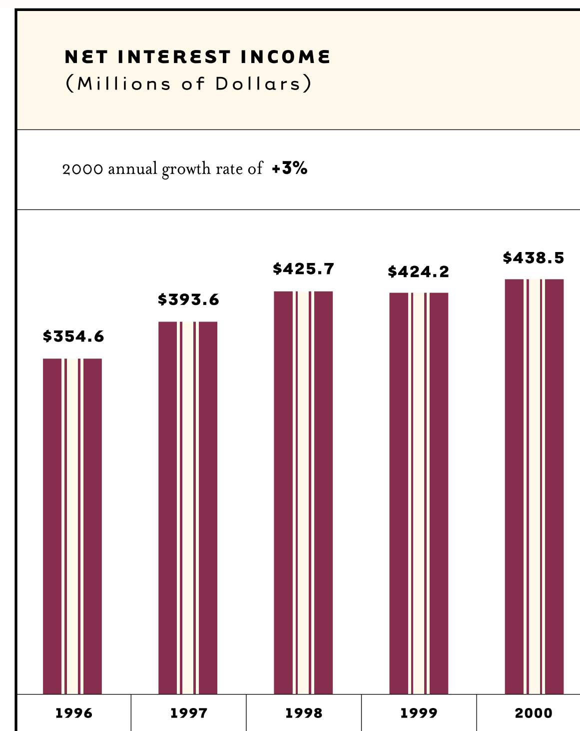
for us. It demonstrates that we are growing our core businesses, not just cutting expenses as many of our competitors are doing. We believe that growing businesses generate premium price-to-earnings ratios.

Growth in top-line revenue results from increasing Power Assets and Power Liabilities. Net interest income growth is driven by a changed balance sheet. Fee income growth is fueled by expanding the number of fee income producing products and services while growing the overall customer base. TCF added nearly 100,000 new checking accounts in 2000, bringing our total to 1,131,000. We now have 1.1 million debit cards outstanding (the 16th largest Visa debit card issuer in the United States).

TCF believes in attracting a large number of customers from all economic levels. We believe that each of these customers contributes incrementally to our profitability. Unlike many of our competitors, we do not believe in the old 80/20 rule which suggests that banks earn 80 percent of their profits from the wealthiest 20 percent of the customer base. At TCF, a big number multiplied by a little number is a big number.

Power Assets and Power Liabilities We enjoyed record growth in our Power Assets, up $896.8 million for the year, a 23 percent increase from year-end 1999. Commercial lending, consumer lending, and leasing all produced at high levels for 2000. We increased our checking account balances by over $290 million for the year, an increase of 15 percent. Through the introduction of a new, tiered money market account, our money market balances increased by nearly $130 million.





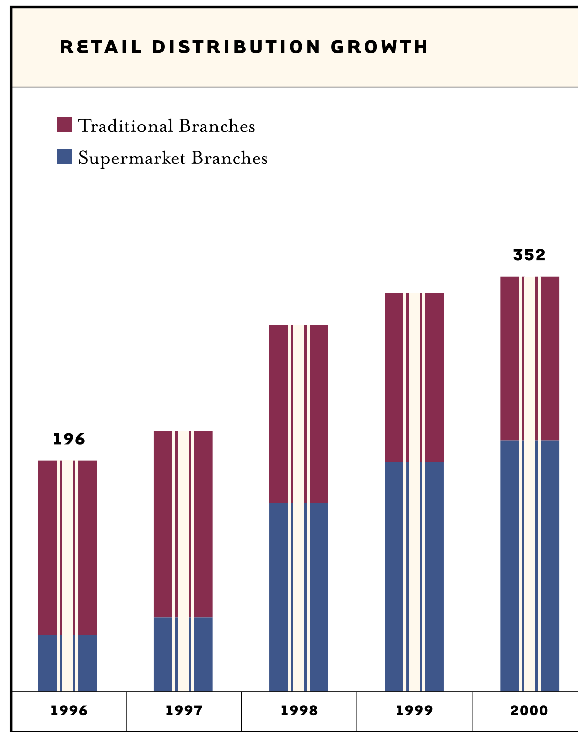
1 CHECKING ACCOUNTS

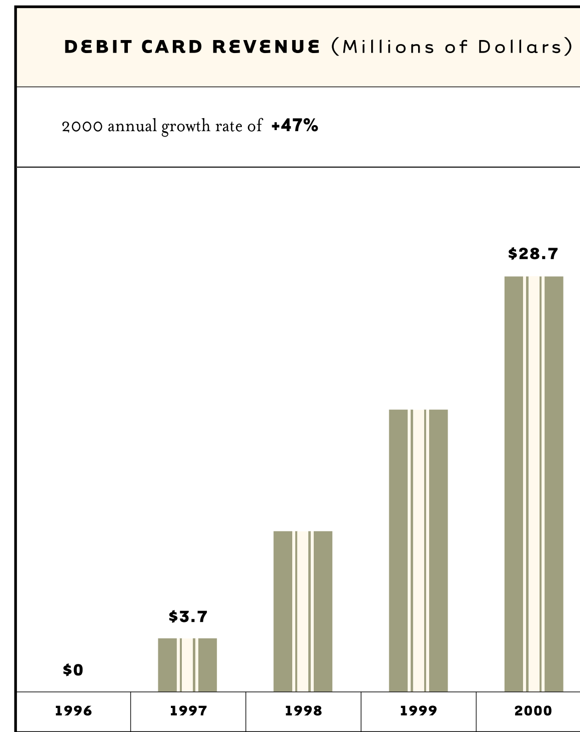
Checking accounts are the cornerstone of our success, and the foundation upon which our customer relationships are built. With more than 1 million checking account relationships, our opportunities to cross sell additional products and services are significant.

million+

Credit Quality Our credit quality is stronger now than it has been in the 15 years since I have been with TCF. Net charge-offs were only $3.9 million in 2000, compared with $26.4 million in 1999. We provided $14.8 million for credit losses in 2000 and increased our loan loss reserves by $10.9 million. Delinquencies and non-performings are at very low levels. Good credit quality is related not only to the type of loans on the balance sheet, but also the type of funding. TCF's very profitable and growing deposit function allows us to operate our loan portfolio with relatively low credit risk.

De Novo Branch Expansion TCF believes in a de novo style of expansion. Most successful retailers such as Wal-Mart®, Target®, etc. grow through de novo expansion. We have opened 164 branches in the last three years, bringing our overall branch network to 352. Many of these new branches are now becoming profitable. The increasing profits from de novo expansion generate revenue for future income, which funds continued expansion. By building our own branches, we have the opportunity to build in areas that provide the most convenience for our targeted customers.



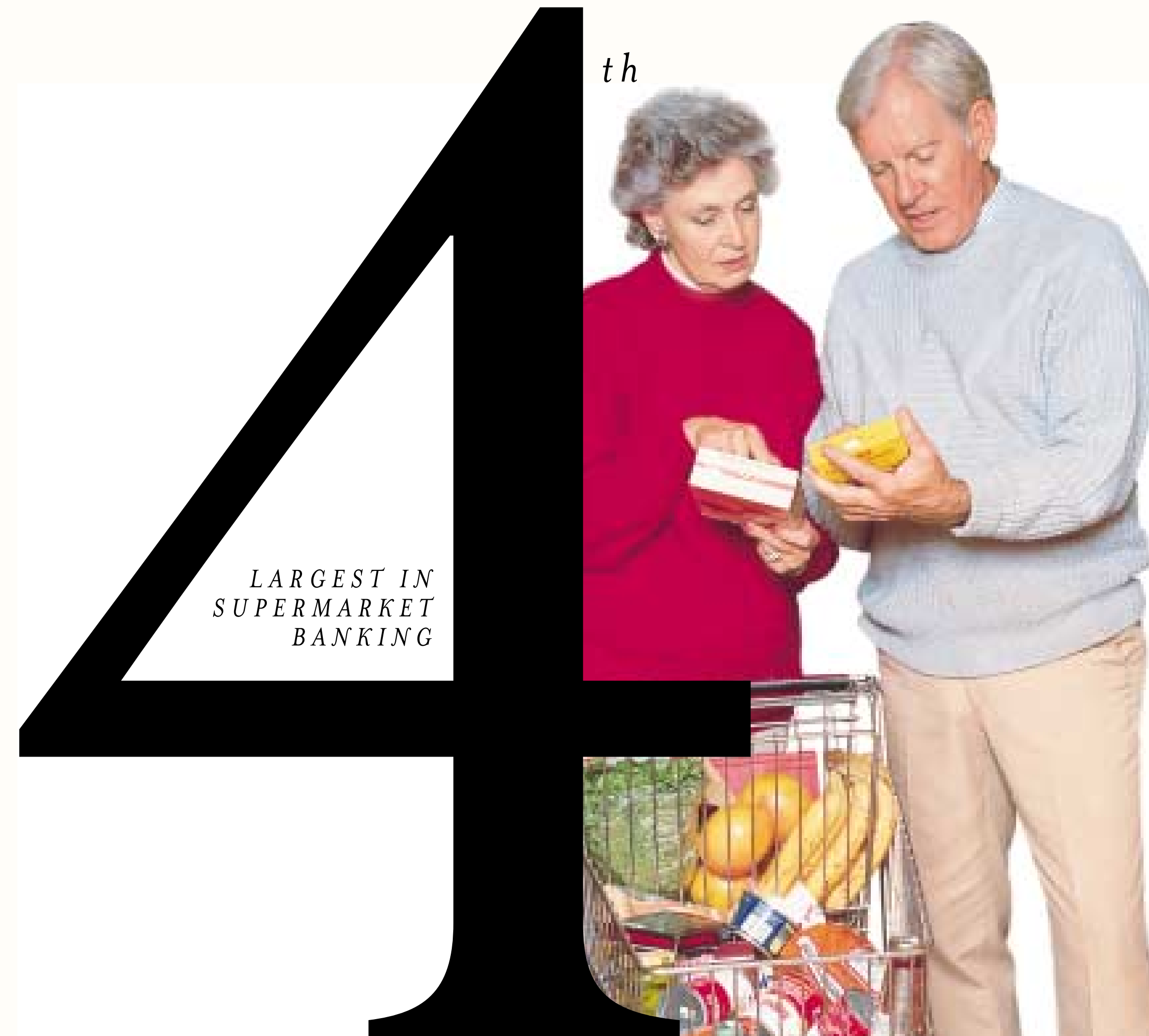


The cost of this expansion flows through the income statement faster than the dilution created through acquisition, but is ultimately more profitable. We believe we can grow these branches to profitability (approximately two years for supermarket and three years for brick and mortar) fast enough that de novo expansion is a better use of our funds than paying the premiums of acquisition. The internal rate of return on de novo expansion is one of the "hurdle rates" we use to measure acquisitions. That is not to say we will not do an acquisition in the future, but currently we think the de novo strategy is best for us. We plan to open another 30 to 40 branches in 2001, and have plans for additional de novo expansion beyond that.

Innovative Products and Services In addition to our de novo banking strategy, innovative products and services continue to add to our success. Since our current management took over in 1985, we have provided our customers many new conveniences. Many of these innovations we invented. Others were existing products we modified and enhanced to fit our business strategy. Totally Free Checking, home equity loans, debit cards, annuity sales and, of course, supermarket branch banking have been our most successful. Over the last two years we have introduced TCF*Express.com*, our online banking service, and TCF Leasing, Inc., among others.

In the first quarter of the year we introduced the TCF Express Phone Card. This card works in conjunction with our already successful debit card. Our customers receive free long distance telephone minutes for using the debit card. We awarded 38.6 million minutes to customers in 2000. This helped the debit card earn $28.7 million in fees for the year 2000. In 2001 we will introduce TCF Express Trade to provide our customers online and broker-assisted investing services.

Supermarket Banking TCF now has the fourth largest supermarket branch system in the United States, with 213 supermarket branches. In 2000, supermarket deposits passed the $1 billion mark and ended the year at $1.1 billion, an increase of 30 percent. Our average interest rate on deposits in supermarket branches is 2.73 percent. We continue to attract customers through these convenient, full-service branches (most are open seven days a week, 12 hours a day). Our supermarket branches opened over 76,000 net new checking accounts during 2000. As the de novo supermarket branches mature, we are selling customers other products as well. Fee income



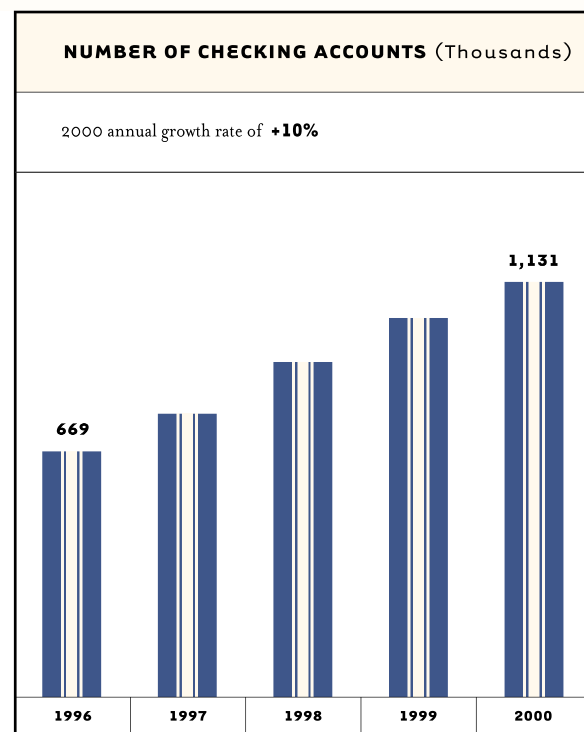
With 213 supermarket branches, TCF has the fourth largest supermarket branch network in the United States. Customers find these branches to be a most convenient way to bank with us, simply by combining their shopping and financial needs into one stop. We plan to continue our supermarket branch expansion through the addition of more than 25 supermarket branches in 2001.

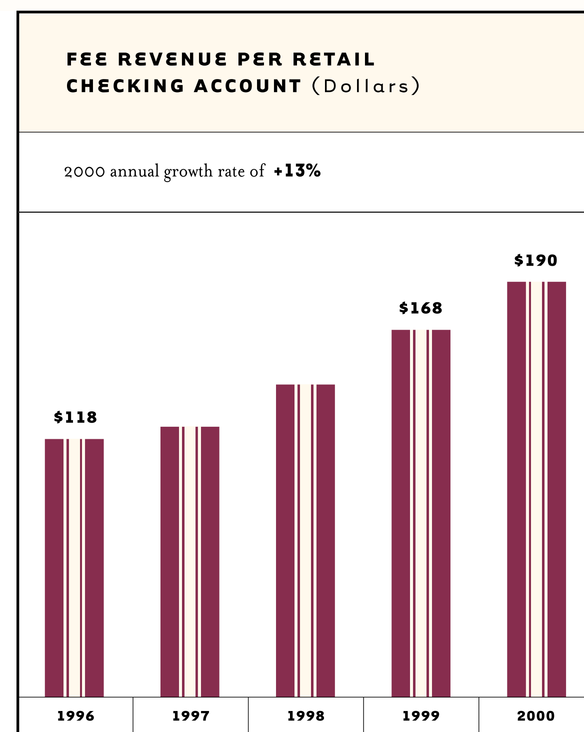
in these branches totaled $112 million for the year, or 10 percent of deposits. We have put consumer lenders in many of our supermarket branches and have proven to many doubters that you can make loans in these branches. We now have over $233 million in consumer loans that were originated in supermarket branches, up 21 percent from 1999. We also sell our annuity and investment products in those branches where we have agents.

It is clear to us that our supermarket banking strategy is working and is a significant factor in making TCF the most convenient bank in our markets. We plan to open 25 to 30 new supermarket branches in 2001 and more in the future.

TCF competes against much larger financial institutions that have far greater resources. This is both good news and bad news. The acquisition binge in the banking industry has in many cases created huge, lumbering organizations that cannot grow and compete. On the other hand, when you walk with elephants, you sometimes get stepped on.

We are competing in an industry that in many cases is still in a consolidation cost-take-out mode, a strategy that, over time, has proven to slow down revenue growth. Of greater concern are the banks that have recently realized the value of top-line revenue growth and low-cost deposits. They may become more competitive in the future. In order to succeed we must move faster, create, design and





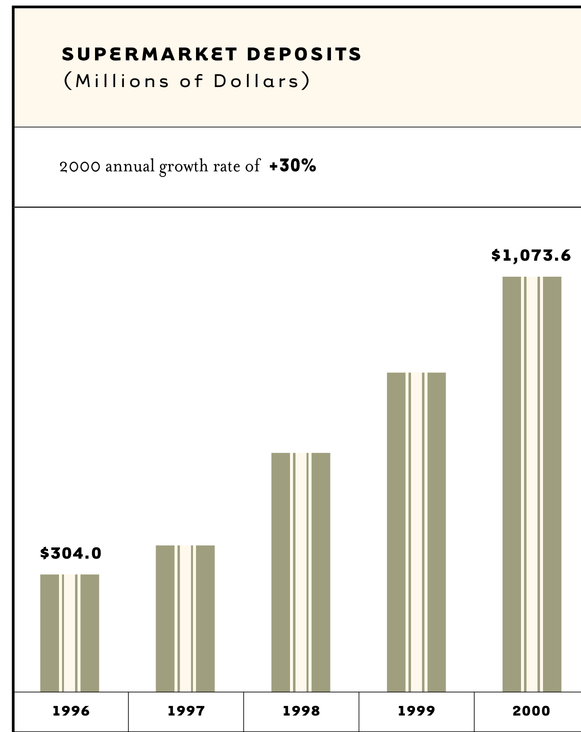
Our leasing and equipment finance companies experienced significant growth during 2000. New business for Winthrop Resources Corporation, TCF Leasing, Inc. and TCF Express Leasing increased 101 percent. We will see the results of the continued expansion of our sales force in 2001.

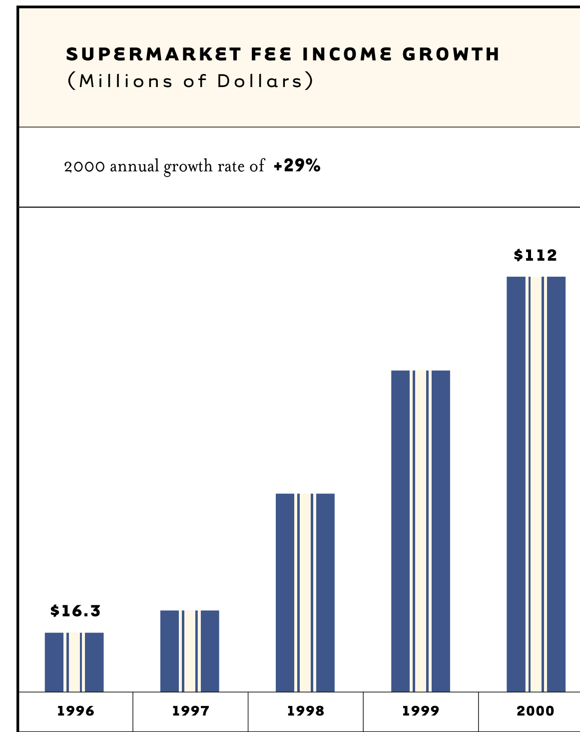
GROWTH IN NEW BUSINESS

implement innovative and customized products and services. We must invest for the future, find and nurture good management and staff, and grow by taking reasonable and measured risks in the process.

TCF has been very successful over the past 10 years of extensive change in the banking industry and in a strong U.S. economy. There are now signs of an economic slowdown, and recent legislation has changed the products and services banks are allowed to offer. It is reasonable, then, to believe that the banking industry may have a down quarter or two with increased charge-offs. We believe that we are more insulated from this risk than most of the industry, but we are likely not immune.

We continue to have a mutuality of interest with our shareholders. Our senior management and board of directors own approximately 6.4 million shares of TCF stock. In addition, 70.4 percent of our eligible employees participate in TCF's stock ownership plan, which at year end held 4.4 million shares. I believe I am still the largest individual shareholder,





with just over 2 million shares. Our incentive plans are mostly stock based and continue to be based on long-term growth in earnings per share. We remain very optimistic about TCF's future prospects.

TCF repurchased 3.2 million shares (4 percent) of its stock in 2000, and a total of 14.9 million shares (16 percent) since the beginning of 1998's stock repurchase program. While the number of shares we buy remains subject to the availability of capital, we plan to continue repurchasing shares as long as TCF stock remains our most attractive investment opportunity. We consider the return from repurchasing TCF stock as another hurdle rate for acquisitions.

Again this year we give special thanks to our hard-working, responsive and dedicated Board of Directors. Our Board consists largely of entrepreneurial business people who also own TCF stock. We appreciate their continued guidance and support. After nine years of dedicated service, Senator Rudy Boschwitz retired from our Board in 2000. We appreciate his special abilities and leadership; he has contributed greatly to TCF's growth and strength over time. We regret that Robert Delonis, retired TCF Board member and former chairman of Great Lakes National Bank Michigan, died on February 7, 2001. His contributions to TCF and to the local and national business community were considerable. He will be missed.

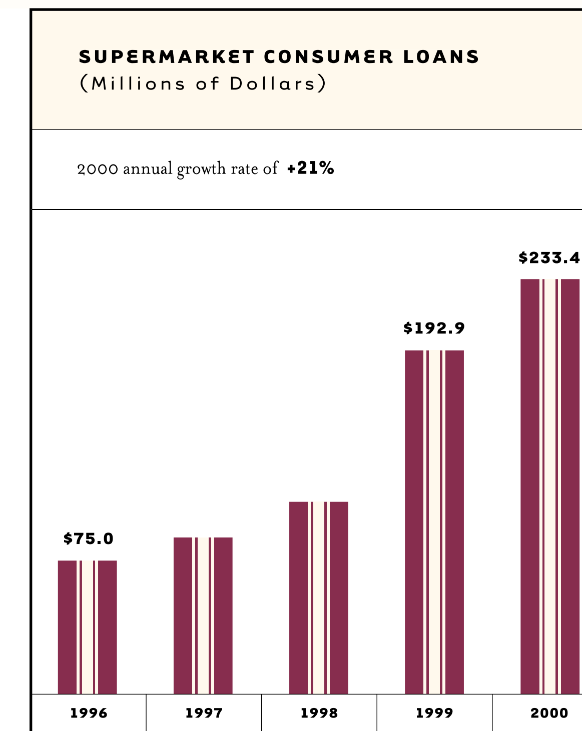
During 2000, we welcomed to our Board two exceptional businessmen from Minneapolis, Richard F. (Pinky) McNamara, Chief Executive Officer of Activar, Inc., and Rodney P. Burwell, Chairman of Xerxes Corporation. Their entrepreneurial drive and spirit closely matches ours, and we expect their insight and guidance to assist TCF in our continued growth and success.

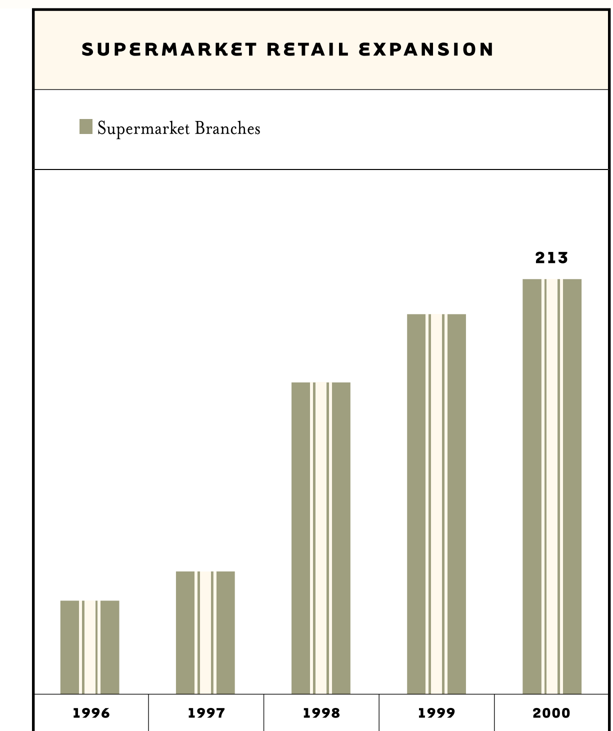
We also thank our outstanding team of employees for their continued hard work and dedication. We are truly a bank of ordinary people achieving extraordinary results.

Thank you for your continued support and investment in TCF.

William A. Cooper

Chairman of the Board and Chief Executive Officer





THE INNOVATIVE SPIRIT

In no vate, *verb*,

1. To introduce something new; make changes; to innovate on another's creation;

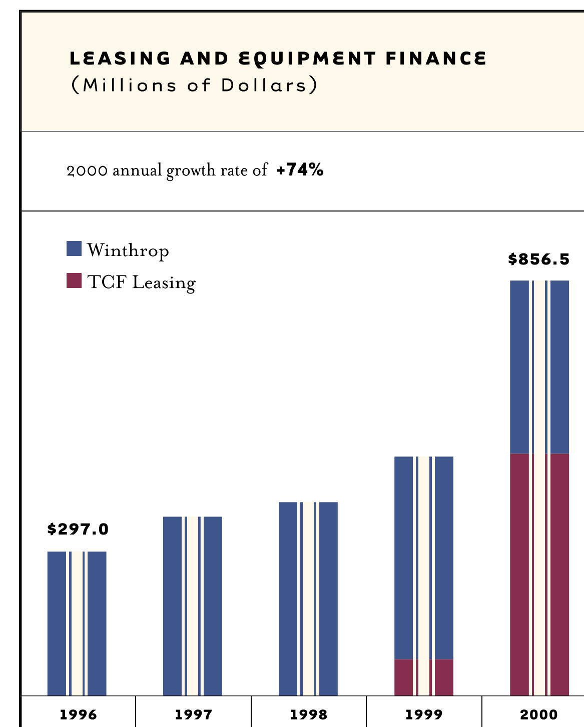
2. To introduce (something new);

3. To alter, to renew.

Random House Webster's College Dictionary

TCF believes that innovation and continuous improvement are key to an organization's success. In 2000 we created a process to boost the recognition of innovators at TCF. The central aim is to create a corporate culture that supports innovation and to provide an environment that fosters the values of freedom, tolerance, and individual initiative in a business setting. It is our hope that as these values permeate the organization, new ideas and products will be produced. Ideas deemed most worthy of implementation will be selected and champions designated to move them forward. Some of TCF's most recent innovations include the very successful TCF Leasing, Inc. and the TCF Express Phone Card.

LEASING TCF Leasing, one of TCF's newest de novo businesses, became profitable in less than one year. TCF first entered the leasing business with its acquisition of Winthrop Resources Corporation (Winthrop) in 1997. Winthrop specializes in leasing high-tech and business-essential equipment to large and middle-market companies throughout the United States. TCF Leasing was launched in September 1999 and focuses on general equipment financing for middle-market companies, trucks and trailers, specialty trucks, lease discounting, leveraged leasing and small ticket leasing.



For this de novo start-up, we were fortunate to assemble an excellent team of experienced managers. From the back room processors to the leasing sales representatives on the street, TCF recruited knowledgeable, seasoned veterans from the leasing industry.

Total assets since TCF Leasing's inception in September 1999 have grown to $506.1 million at December 31, 2000. Total uninstalled backlog (where the transaction has been credit-approved but not yet accepted by the customer) over that same period has also grown tremendously, from $54.4 million at December 31, 1999 to $94 million at December 31, 2000. Fueled by these successes, TCF Leasing became profitable during its second full quarter of operation. TCF Leasing has quickly become a strong driver of profitability for TCF and has set an impressive pattern of growth. We attribute our success to the team of dedicated innovators who took an existing business model and molded it to fit TCF's strategies.

INNOVATIONS

1

Phone Cards issued

The TCF Express Phone Card is the first of its kind to reward debit card use with telephone minutes ... something of value that almost any customer can use. Customers accumulate free long distance time with every TCF Check Card purchase of $10 or more. In 2000, customers greatly increased their TCF Check Card usage and we awarded them more than 38 million free long-distance phone minutes.

million +

PHONE CARD The February launch of the TCF Express Phone Card customer loyalty program was another successful innovation. The TCF Express Phone Card rewards our checking account customers for using their TCF Check Cards to make merchant purchases. Each purchase earns free long distance minutes, which accumulate and can be used to make long-distance calls, courtesy of TCF. The TCF Express Phone Card was one of the first loyalty programs for debit card customers and one of the first in the nation to offer long distance minutes. TCF selected phone minutes as a reward vehicle because of the appeal to a broad customer base.

The TCF Express Phone Card is credited with accelerating Check Card use and increasing Check Card revenue. For 2000, TCF's Check Card revenue totaled $28.7 million, an increase of $9.1 million over the 1999 total. TCF is now the 16th largest issuer of Visa debit cards in the United States and our activation rate is higher than most of our competitors. Additionally, the Check Card has proven itself to be closely linked to customer retention. Continuing to offer customers rewards like the Express Phone Card for using the Check Card should have a long-term positive impact on the value of our customer relationships. TCF plans to refresh and enhance this successful program over time.

TCF continues to foster a culture of innovation. In 2001 we'll introduce TCF Express Trade, our discount brokerage service. Additional ideas for new business opportunities will be generated, submitted and evaluated, and some will be implemented. In this way, TCF will continue to lead by encouraging, recognizing, and rewarding the innovative spirit.

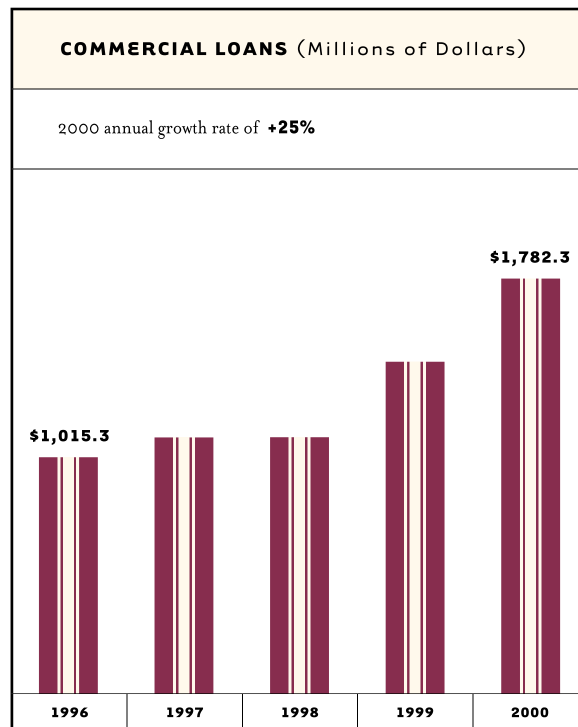
POWER ASSETS® & POWER LIABILITIES®

At TCF, Power Assets and Power Liabilities, which we call Power Businesses, drive the earnings for the Company. We have for some time realized that the ability to generate and retain low interest-cost deposits; checking, savings, money market accounts and certificates, has a significant influence on our net income. Our 352-branch system was successful in producing a net increase of 99,000 checking accounts in 2000, which brought our total number of checking accounts to 1.1 million. This is truly the strength of the TCF franchise.

When we introduced our Check Card in 1997 we were able to get over one million cards in circulation in a short period of time. These Check Cards produced $28.7 million of fee income in 2000. Once the checking account is opened, we have the ability to sell these new customers all of our other convenience products. This has resulted in $2.2 billion in checking accounts, $1 billion in savings, $837 million in money markets and $2.8 billion in certificates of deposit. Our Power Liabilities totaled $6.9 billion at year-end 2000, up $307 million from 1999.

The additional benefit of having a growing base of low-cost, profitable deposits is that when we underwrite our Power Assets, we do not have to take unadvisable credit risks as we approve and close our loans.

Our consumer lending, commercial lending and leasing and equipment finance divisions all produced at very high levels in 2000. Consumer loans „ our largest Power Asset category at $2.2 billion „ had originations of $1.1 billion dollars during 2000 and outstandings increased $175.6 million. The introduction of tiered pricing has allowed us to increase our loan-to-value ratios and lower our pricing on home equity loans, while keeping our overall consumer loan charge-offs (12 basis points of average outstandings for 2000) and delinquencies to a level below the national average for banks.



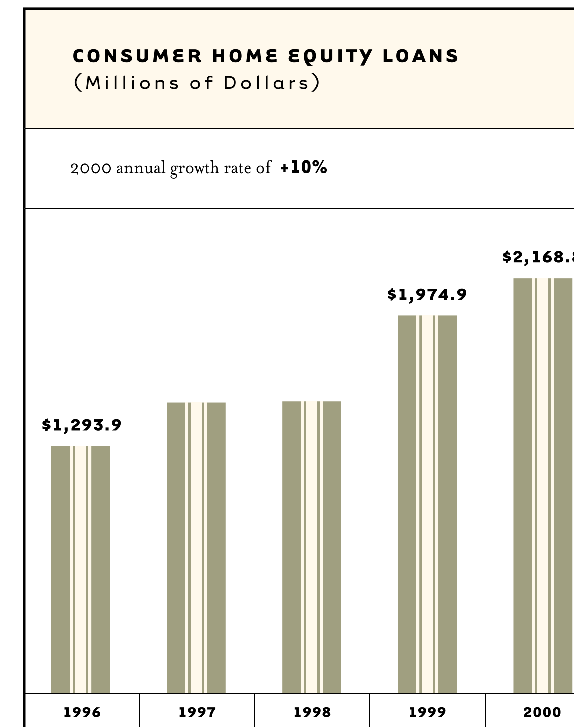
Our commercial division also had a great year. Commercial loans, which consist of corporate loans and commercial real estate loans, had $768 million in originations and increased outstanding balances by $357.4 million during 2000. This was led by our commercial real estate group, which increased their outstandings by $298.4 million. We were able to team up with some excellent large commercial developers on projects that met our underwriting standards. Our commercial business team also increased in outstandings. More importantly, they were able to exit some deteriorating, non-profitable credits this year without taking a loss. It has been four years since we had a quarter where we took a net loss in commercial lending.

POWER LIABILITIES AND POWER ASSETS

2 *billion* dollars in home equity outstandings

We now have more than $2 billion in home equity loans throughout the areas we serve. Our lending program in our supermarket branches is proving to be very successful … more than $233 million of these loans have been originated in our supermarket branches alone.

Our newest entrant to Power Assets, leasing and equipment finance, had a strong year. Winthrop, our high-tech and business essential equipment leasing arm, continued to produce excellent results. TCF Leasing, which consists of truck and trailer, specialty trucks, middle market, lease discounting, leveraged leasing and small ticket leases, had an exceptional year of production and increased their outstandings by $424.4 million.



Leasing has slightly higher charge-off and delinquency rates than our other Power Asset businesses. We continue to closely monitor our quickly growing portfolio. Our charge-offs of 33 basis points of average outstandings for 2000 and delinquencies of 1.83 percent at year-end 2000 are well within industry averages.

Power Assets and Power Liabilities currently make up 52.5 percent of our balance sheet, but produce 94.4 percent of our net income and 98.6 percent of our fees. To the extent that we can continue to replace residential mortgages and mortgage-backed securities with Power Assets, and borrowings with Power Liabilities, our operating earnings should continue to improve.

DE NOVO EXPANSION

We believe that de novo expansion is less expensive and more profitable in the long run compared with acquisitions. Over the past 10 years our consistent de novo strategy has paid off; TCF has 352 branches in six states. We plan to open 30 to 40 additional branches in 2001. Despite industry trends to the contrary, TCF has focused on providing customers with convenient branch locations and extended hours. This has helped us expand our customer base significantly. We have added 359,000 checking customers since January 1, 1998.

Our largest and most recent expansion effort has been in partnership with Jewel-Osco® in the ŒLakeshoreRegion• spanning the Chicago to Milwaukee corridor. Over 75 percent of Chicago households shop at Jewel a minimum of once per month. Jewel has consistently maintained an estimated 38 percent market share of the more than 8,000,000 plus Chicagoland household population. Jewel's presence provided us with immediate brand recognition for TCF and access to their over 2,000,000 Jewel Preferred customer households.

One key to making supermarket banking a success is partnering with a grocery store group that understands the value of having a bank in their stores. Both of our largest supermarket partners, Jewel-Osco and Cub® Foods, have demonstrated a strong commitment to our partnerships.

Another key to successful supermarket banking is providing customers with the innovative products and services they need in a timely, convenient way. Having the right product mix enhances TCF's strong sales efforts and maximizes the percent of market share we can attract. Once a customer has opened one TCF account, we have had excellent results selling additional products and services.

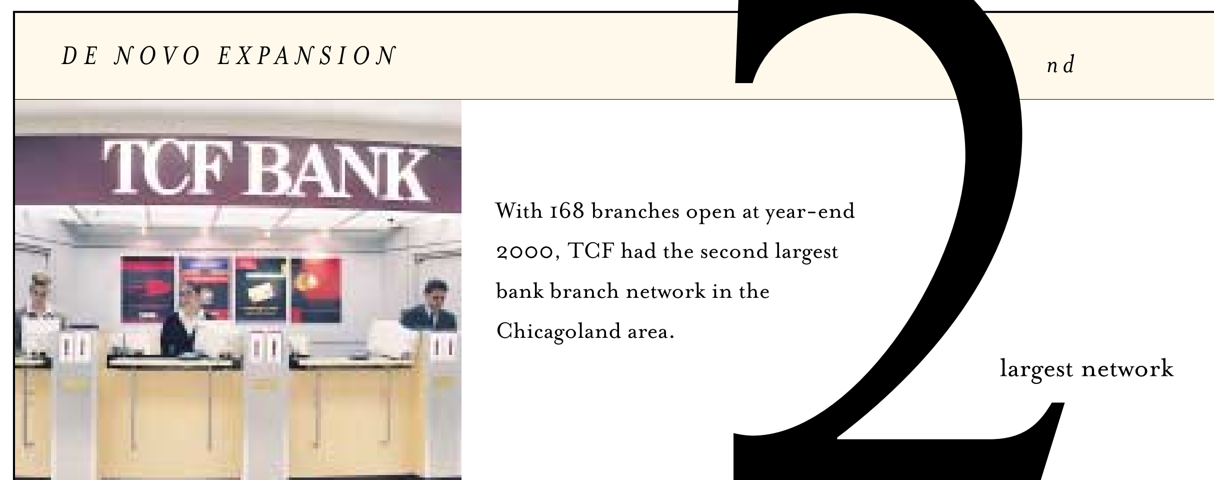
A third key to successful expansion in supermarket or brick and mortar branches is understanding the infrastructure required to support the branches and provide convenient customer service. We are available for our customers seven days a week, 12 hours a day, 360+ days a year. We encourage our customers to come in and see our representatives whether it is to make a deposit, open a new account or resolve a question.

Within the next few years we anticipate that our de novo supermarket branch expansion will slow down and that our expansion strategy will move more towards traditional brick and mortar branches. We believe there are excellent opportunities for this type of expansion in all of our states.

TCF will continue de novo expansion in all of our states during 2001. We are committed to being the most convenient bank in each of our markets.

DE NOVO EXPANSION

2nd



With 168 branches open at year-end 2000, TCF had the second largest bank branch network in the Chicagoland area.

largest network

CONVENIENCE

We believe TCF is ŒThe Most Convenient Bank• in the markets we serve.

Providing convenient banking services to customers means delivering a full range of banking products and services whenever, wherever, and in whatever way best suits their unique needs. During 2000 TCF added to its convenience offerings by introducing TCF*Express.com*, our online banking service. At TCF*Express.com* customers can access account information, transfer funds between accounts and pay bills online. In 2001 we will greatly expand our traditional online service capabilities with the introduction of TCF Express Trade, our discount brokerage service.

Also in 2000, TCF installed a new, state-of-the-art automated phone system. TCF customers appreciate the easy, convenient way they can obtain account information, transfer funds and order checks over the phone. In fact, our customers called a total of 31 million times last year. Our new system positions us to continue to expand the services we provide via the telephone.

TCF's Check Card enjoyed continued outstanding success in 2000. TCF customers used their cards 51 million times to make purchases at merchant locations. With the introduction of the TCF Express Phone Card loyalty program, our customers are using their cards even more frequently.

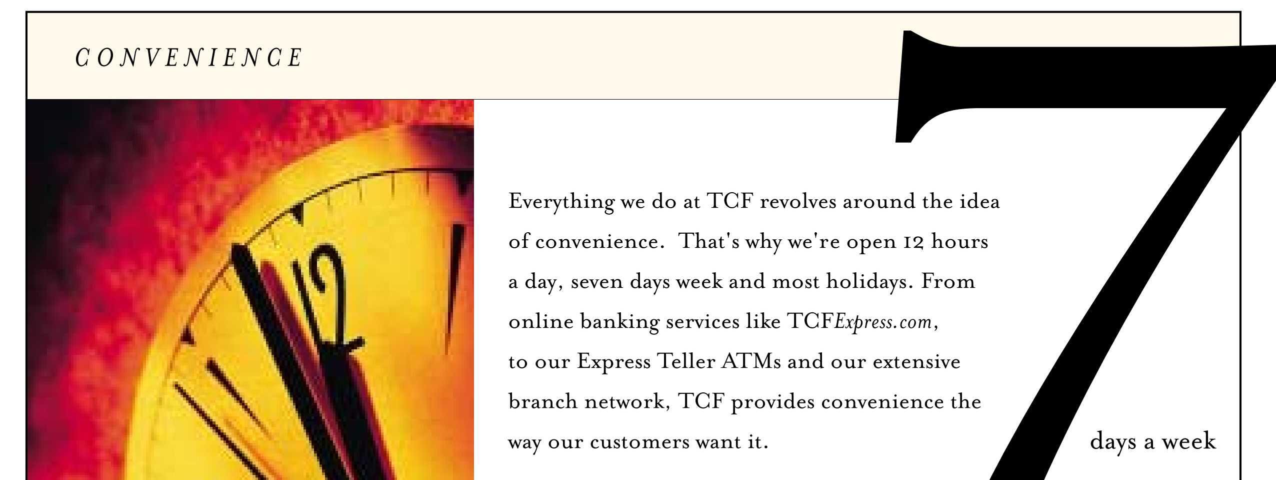
TCF continues to provide customers convenient banking services at our network of 1,384 Express Teller ATMs. The size of our off-site ATM network compares favorably with those of banks three to four times our size. TCF customers are able to deposit, transfer and obtain cash without service charges simply by using one of our easy-to-spot Express Teller ATMs.

A hallmark of TCF's ongoing commitment to customer convenience is the way we operate our branches, both brick and mortar and supermarket branches. Doing business at a branch is both convenient and important for many of our customers. In our supermarket branches, we are open seven days a week, 360+ days per year with extended hours not offered by our competitors. Like retailers, we're open most holidays, when we find many of our customers want to bank.

Convenience is truly a customer-by-customer defined service, whether it's over the phone, at an ATM, online, or visiting a teller. At TCF, we will continue to listen to our customers and provide the banking services they want and need.

CONVENIENCE

7



Everything we do at TCF revolves around the idea of convenience. That's why we're open 12 hours a day, seven days week and most holidays. From online banking services like TCF*Express.com*, to our Express Teller ATMs and our extensive branch network, TCF provides convenience the way our customers want it.

days a week

GEOGRAPHIC STRUCTURE

We have always held the belief that the best decisions for local issues are made by local executives. These managers are held responsible for local business decisions, business development initiatives, customer relations and community involvement.

In Minnesota we continue to emphasize growth in our higher-yielding commercial and consumer loans, and to increase and cultivate our low interest-cost checking account base. This mature franchise has been open since 1923. Our plan is to add new branches in growing population areas and to hire and nurture commercial and consumer lenders.

The Lakeshore Region in Illinois, Wisconsin and Indiana is looking forward to its first full year under our new management structure. This structure combines the Power Liabilities generating force in Illinois with the asset producing capabilities of Wisconsin. The Lakeshore Region has the most branches and the largest population of any of our markets and has the potential to become the largest part of our franchise. We have installed our most experienced management team to tap that potential and bring TCF's products and services to this region.

Our Michigan management team has an asset production background. They will work to continue the growth in both commercial and consumer lending while looking for locations for new branches to expand our current footprint. There are many areas in the greater Detroit metropolitan area in which we do not have a presence. Detroit represents one of our best opportunities for expansion in the future.

The Colorado franchise is building new brick and mortar branches to complement their supermarket branch system. One new brick and mortar branch was added in late 2000. We look at the Denver and Colorado Springs areas as excellent prospects for future growth. With the results we have seen, it is clear that TCF's system of offering convenient services and products will work in these cities. We plan to open two additional brick and mortar branches in 2001 and open supermarket branches as opportunities become available.

GEOGRAPHICAL MANAGEMENT STRUCTURE

6 *states*

TCF has seasoned local management teams in each region that we serve. We believe that decisions regarding local business, business development, customer relations and community involvement are made best at the local level, and we prove it time and again in our daily decision making.

TCF = THE CUSTOMER FIRST

TCF is a results oriented company. Our strategy for growth through de novo expansion and new business development in key markets continues to be successful. Equally important to us is our focus on delivering great service to customers and consistent returns to our shareholders.

TCF recognizes the importance and value of continually exceeding our customers' expectations. We also know the value to our employees of being recognized and rewarded for delivering great service to our customers. Employee and customer satisfaction go hand-in-hand. It is no wonder that companies that continually achieve high levels of customer satisfaction and shareholder returns are also those companies that have high employee satisfaction.

Two keys to successful customer service programs are to set clear, understandable expectations and to communicate them constantly. TCF's program includes publishing service expectations and reinforcing them on a day-to-day basis. Our service standards are simple and straightforward, reflecting exactly what our customers expect:

Give each customer undivided attention.

Follow up on all customer requests ...and quickly.

Resolve customer issues promptly.

Maintain a positive attitude and positive behavior.

Thank the customer for their business.

At TCF, we encourage employees to always achieve and exceed customer expectations. With the right culture, training and communications in place to reinforce our message, we will see continued improvement in our service levels.

At TCF, The Customer truly ***is*** First.

THE CUSTOMER FIRST

1*st*

Our customers come first at TCF. Everything we offer ... our products, ATMs, branch hours, locations ... ae all designed with our customers' lifestyles in mind. Long-term customer relationships are built on the foundation of outstanding products and excellent customer service.

CORPORATE PHILOSOPHY

- TCF's primary focus is lower- and middle-income customers and small to medium-sized businesses in our markets. We emphasize convenience in banking, by being open 12 hours a day, holidays and seven days a week. We provide customers targeted, innovative products through multiple banking channels. These include: traditional and supermarket branches, ATMs, debit cards, and computer and phone banking.
- TCF operates like a partnership, organized geographically and by function, with profit center goals and objectives, emphasizing return on average assets, return on average equity, and earnings per share growth. We know which products are profitable and contribute to these goals. Local geographic managers are responsible for local business decisions, business development initiatives, customer relations, and community involvement. Managers are incented to achieve these goals.
- TCF focuses on growing its large number of low interest-cost checking accounts by offering convenient products, such as the Totally Free Checking account product. TCF uses this account as its core deposit account to build additional customer relationships.
- TCF earns most of its profits from the deposit side of the bank. We accumulate a large number of low interest-cost accounts through convenient services and products targeted to a broad range of customers. As a result of the profits we earn on the deposit business, we can minimize credit risk on the asset side.
- TCF encourages stock ownership by our officers, directors and employees. We have a mutuality of interest with our shareholders, and our goal is to earn above-average returns for our shareholders.
- TCF is currently growing primarily through de novo expansion rather than acquisition. We are growing by starting new businesses, opening new branches and offering new products and services.
- TCF believes interest-rate risk should be minimized. Interest rate speculation does not generate consistent profits and is high risk.
- TCF is primarily a secured lender and emphasizes credit quality over asset growth. The costs of poor credit far outweigh the benefits of unwise asset growth.
- TCF places a high priority on the development of technology to enhance productivity, customer service, and new products. Properly applied technology increases revenue, reduces costs, and enhances service. We centralize paper processing and decentralize the banking process.
- TCF encourages open employee communication. TCF promotes from within whenever possible and places the highest priority on honesty, integrity, and ethical behavior.
- TCF believes in community participation, both financially and through volunteerism. We feel a responsibility to help those less fortunate.
- TCF does not discriminate against anyone in employment or the extension of credit. As a result of TCF's community banking philosophy, we market to all of the customers in our communities.

The financial review presents management's discussion and analysis of the consolidated financial condition and results of operations of TCF Financial Corporation ("TCF" or the "Company"). This review should be read in conjunction with the consolidated financial statements and other financial data beginning on page 38.

CORPORATE PROFILE

TCF is the national financial holding company of two federally chartered banks, TCF National Bank headquartered in Minnesota and TCF National Bank Colorado. The Company has 352 banking offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. Other affiliates provide leasing, mortgage banking, and annuity, insurance and mutual fund sales.

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 with a primary focus on middle- and lower-income individuals. 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 branch and automated teller machine ("ATM") networks, and telephone and Internet banking. TCF's philosophy is to generate top-line revenue growth (net interest income and fees and other revenues) through business lines that emphasize higher yielding assets and lower interest-cost deposits. The Company's growth strategies include de novo branch expansion and the development of new products and services designed to build on its core businesses and expand into complementary products and services through emerging businesses and strategic initiatives.

TCF's core businesses are comprised of traditional bank branches, ATMs, and commercial, consumer and mortgage lending. TCF emphasizes the "Totally Free" checking account as its anchor account, which provides opportunities to cross sell other account relationships and generate additional fee income. TCF's strategy is to originate high credit quality, primarily secured loans and earn profits through lower interest-cost deposits. Commercial loans are generally made on local properties or to local customers, and are virtually all secured. TCF's largest core lending business is its consumer home equity loan portfolio, comprised of fixed- and variable-rate closed-end loans and lines of credit.

TCF's emerging businesses and products are comprised of supermarket bank branches, including supermarket consumer lending, and leasing and equipment finance, debit cards, and Internet and college campus banking. TCF's most significant de novo strategy has been its supermarket branch expansion. The Company opened its first supermarket branch in 1988, and now has 213 supermarket branches, with more than $1 billion in deposits. TCF has the nation's fourth largest supermarket branch network. See "Financial Condition – Deposits." TCF entered the leasing business through its 1997 acquisition of Winthrop Resources Corporation ("Winthrop"), a leasing company that leases computers and other business-essential equipment to companies nationwide. The Company expanded its leasing operations in September 1999 through TCF Leasing, Inc. ("TCF Leasing"), a de novo general equipment leasing business with a focus on middle-market companies, truck and trailer leasing and financing and lease discounting. See "Financial Condition – Loans and Leases." These businesses are among TCF's fastest growing operations. The Company's VISA debit card program has also grown significantly since its inception in 1996. TCF is the 16th largest VISA debit card issuer in the United States according to VISA, with over 1 million cards outstanding.

TCF's strategic initiatives are businesses that complement the Company's core and emerging businesses. TCF's new products have been significant contributors to the growth in fees and other revenues generated by checking accounts and loan products. Currently, TCF's strategic initiatives include several new card products designed to provide additional convenience to deposit and loan customers and to further leverage its ATM network. The Company is also planning to launch a discount brokerage business and additional insurance products in 2001.

RESULTS OF OPERATIONS

Performance Summary — TCF reported net income of $186.2 million for 2000, up from $166 million for 1999 and $156.2 million for 1998. Diluted earnings per common share was $2.35 for 2000, compared with $2.00 for 1999 and $1.76 for 1998. Return on average assets was 1.72% in 2000, compared with 1.61% in 1999 and 1.62% in 1998. Return on average realized common equity was 21.53% in 2000, compared with 19.83% in 1999 and 17.51% in 1998. Diluted cash earnings per common share, which excludes amortization and reduction of goodwill net of applicable income tax benefits, was $2.44 for 2000, compared with $2.10 for 1999 and $1.88 for 1998. On the same basis, cash return on average assets was 1.79% for 2000, compared with 1.69% for 1999 and 1.74% for 1998, and cash return on average realized common equity was 22.40% for 2000, compared with 20.79% for 1999 and 18.74% for 1998.

TCF has significantly expanded its banking franchise in recent periods and had 352 banking branches at December 31, 2000. In the past three years, TCF opened 164 new branches, of which 154 were supermarket branches. This expansion includes TCF's January 1998 acquisition of 76 branches and 178 ATMs in Jewel-Osco stores in the Chicago area. TCF anticipates opening between 30 and 40 new branches during 2001, including 25 to 30 supermarket branches and 5 to 10 traditional branches.

In December 1998, TCF restructured its consumer finance company operations, including the discontinuation of indirect automobile lending, the consolidation of offices and a renewed focus on home equity lending. During 1999, $139.4 million of consumer finance automobile loans and $14.8 million of related reserves were transferred to loans held for sale in connection with the sales of these loans. Losses of $1.4 million were recognized in connection with these sales, which are included in gain on sales of loans held for sale.

Operating Segment Results — Banking, leasing and equipment finance and mortgage banking comprise TCF's reportable operating segments. The following summarizes the 2000 and 1999 results for these segments.

Banking

Banking, comprised of deposits and investment products, commercial lending, consumer lending, residential lending and treasury services, reported net income of $164.3 million for 2000, up 8.4% from $151.5 million in 1999. Net interest income for 2000 was $397.9 million, essentially flat with 1999. The provision for credit losses totaled $9.6 million in 2000, down from $15.1 million in 1999. The decrease reflects a reduction in provisions recognized in connection with TCF's discontinued consumer finance automobile lending activity. Non-interest income (excluding title insurance revenues, a business TCF sold in 1999, and gains on asset sales) totaled $274.4 million, up 17.8% from $233 million in 1999. This improvement was primarily due to increased fees and service charges and electronic funds transfer revenues, reflecting TCF's expanded retail banking operations and customer base. Non-interest expense (excluding the amortization of goodwill and deposit base intangibles) totaled $398.9 million, up 1.2% from $394.3 million in 1999. The increase was primarily due to the costs associated with TCF's continued retail banking expansion, including de novo supermarket branches, offset by cost savings from discontinued businesses and sales of underperforming branches.

Leasing and Equipment Finance

Leasing and equipment finance, an operating segment comprised of TCF's wholly owned subsidiaries Winthrop and TCF Leasing, provides a broad range of comprehensive lease and equipment finance products. This operating segment reported net income of $23 million for 2000, up 19.1% from $19.4 million in 1999. Net interest income for 2000 was $30.4 million, up 20.6% from $25.2 million in 1999. Leasing and equipment finance's provision for credit losses totaled $5.2 million in 2000, up from $1.9 million in 1999, primarily as a result of the significant growth in the portfolio. Non-interest income totaled $38.5 million in 2000, up 35% from $28.5 million in 1999. Non-interest expense (excluding the amortization of goodwill) totaled $25.8 million in 2000, up 35.4% from $19.1 million in 1999. These increases reflect the $363.8 million, or 73.8%, increase in TCF's leasing and equipment finance portfolio during 2000. As previously noted, TCF expanded its leasing operations in September 1999 through TCF Leasing, a de novo leasing business.

Mortgage Banking

Mortgage banking activities include the origination and purchase of residential mortgage loans, generally for sale to third parties with servicing retained. This operating segment reported net income of $1.2 million for 2000, compared with a net loss of $1.1 million for 1999. Non-interest income (excluding gains on sales of loan servicing) totaled $25.5 million, up 16.8% from $21.8 million in 1999. This increase is primarily due to a $5.6 million increase in service fees on mortgage loans. During 2000, TCF purchased the bulk servicing rights on $933 million of residential mortgage loans. In addition, the inter-segment residential loan service fee charged to the banking segment was increased to a market rate in 2000. Non-interest expense totaled $29.2 million, down 10.3% from $32.6 million in 1999. During 2000, TCF's mortgage banking operation consolidated and streamlined its operations in various states. TCF's mortgage banking operation periodically purchases and sells loan servicing rights depending on market conditions.

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 56.2% of TCF's revenue in 2000. 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, loan 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.

Net interest income was $438.5 million for the year ended December 31, 2000, compared with $424.2 million in 1999 and $425.7 million in 1998. This represents an increase of 3.4% in 2000, compared with a decrease of .4% in 1999 and an increase of 8.2% in 1998. Total average interest-earning assets increased 6.1% in 2000, following increases of 7.9% in 1999 and 16.2% in 1998. The net interest margin for 2000 was 4.35%, compared with 4.47% in 1999 and 4.84% in 1998.

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

	Year Ended December 31, 2000			Year Ended December 31, 1999			Year Ended December 31, 1998		
(Dollars in thousands)	**Average Balance**	**Interest[1]**	**Yields and Rates**	Average Balance	Interest[1]	Yields and Rates	Average Balance	Interest[1]	Yields and Rates
Assets:									
Investments	**$ 139,840**	**$ 10,041**	**7.18%**	$ 142,494	$ 9,411	6.60%	$ 161,239	$ 10,356	6.42%
Securities available for sale[2]	**1,500,225**	**99,185**	**6.61**	1,689,257	111,032	6.57	1,359,698	93,124	6.85
Loans held for sale	**220,560**	**17,130**	**7.77**	199,073	13,367	6.71	197,969	14,072	7.11
Loans and leases:									
Residential real estate	**3,860,025**	**275,124**	**7.13**	3,808,062	266,653	7.00	3,687,579	267,916	7.27
Commercial real estate	**1,195,985**	**103,181**	**8.63**	933,227	78,033	8.36	831,287	73,546	8.85
Commercial business	**367,072**	**33,483**	**9.12**	341,378	27,425	8.03	263,257	22,169	8.42
Consumer	**2,139,135**	**218,577**	**10.22**	1,971,069	199,103	10.10	1,922,943	218,837	11.38
Leasing and equipment finance	**650,616**	**69,960**	**10.75**	410,245	47,077	11.48	378,824	48,874	12.90
Total loans and leases[3]	**8,212,833**	**700,325**	**8.53**	7,463,981	618,291	8.28	7,083,890	631,342	8.91
Total interest-earning assets	**10,073,458**	**826,681**	**8.21**	9,494,805	752,101	7.92	8,802,796	748,894	8.51
Other assets[4]	**773,799**			798,494			826,741		
Total assets	**$ 10,847,257**			$10,293,299			$9,629,537		
Liabilities and Stockholders' Equity:									
Non-interest bearing deposits	**$ 1,328,932**			$ 1,177,723			$1,017,245		
Interest-bearing deposits:									
Checking	**739,429**	**4,391**	**.59**	711,440	4,043	.57	666,956	6,207	.93
Passbook and statement	**1,036,861**	**11,571**	**1.12**	1,111,104	12,435	1.12	1,130,067	18,305	1.62
Money market	**758,240**	**25,139**	**3.32**	728,522	19,074	2.62	700,400	20,496	2.93
Certificates	**2,824,456**	**155,993**	**5.52**	2,888,968	139,943	4.84	3,249,742	167,484	5.15
Total interest-bearing deposits	**5,358,986**	**197,094**	**3.68**	5,440,034	175,495	3.23	5,747,165	212,492	3.70
Total deposits	**6,687,918**	**197,094**	**2.95**	6,617,757	175,495	2.65	6,764,410	212,492	3.14
Borrowings:									
Securities sold under repurchase agreements and federal funds purchased	**925,004**	**58,652**	**6.34**	529,359	28,610	5.40	140,414	7,863	5.60
FHLB advances	**1,888,892**	**109,385**	**5.79**	1,821,172	100,454	5.52	1,367,104	79,237	5.80
Discounted lease rentals	**163,758**	**14,004**	**8.55**	171,997	13,830	8.04	205,393	16,744	8.15
Other borrowings	**121,048**	**9,010**	**7.44**	151,430	9,499	6.27	92,467	6,824	7.38
Total borrowings	**3,098,702**	**191,051**	**6.17**	2,673,958	152,393	5.70	1,805,378	110,668	6.13
Total interest-bearing liabilities	**8,457,688**	**388,145**	**4.59**	8,113,992	327,888	4.04	7,552,543	323,160	4.28
Total deposits and borrowings	**9,786,620**	**388,145**	**3.97**	9,291,715	327,888	3.53	8,569,788	323,160	3.77
Other liabilities[4]	**238,047**			185,393			159,292		
Total liabilities	**10,024,667**			9,477,108			8,729,080		
Stockholders' equity[4]	**822,590**			816,191			900,457		
Total liabilities and stockholders' equity	**$ 10,847,257**			$10,293,299			$9,629,537		
Net interest income		**$ 438,536**			$424,213			$425,734	
Net interest margin			**4.35%**			4.47%			4.84%

[1] Tax-exempt income was not significant and thus has not been presented on a tax equivalent basis. Tax-exempt income of $181,000, $189,000 and $147,000 was recognized during the years ended December 31, 2000, 1999 and 1998, 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, 2000 Versus Same Period in 1999			Year Ended December 31, 1999 Versus Same Period in 1998		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
(In thousands)	Volume[1]	Rate[1]	Total	Volume[1]	Rate[1]	Total
Investments	$ (179)	$ 809	$ 630	$ (1,229)	$ 284	$ (945)
Securities available for sale	(12,518)	671	(11,847)	21,839	(3,931)	17,908
Loans held for sale	1,528	2,235	3,763	79	(784)	(705)
Loans and leases:						
Residential real estate	3,588	4,883	8,471	8,728	(9,991)	(1,263)
Commercial real estate	22,560	2,588	25,148	8,704	(4,217)	4,487
Commercial business	2,161	3,897	6,058	6,323	(1,067)	5,256
Consumer direct	28,524	7,606	36,130	20,619	(13,067)	7,552
Consumer finance automobile	(16,512)	(144)	(16,656)	(23,019)	(4,267)	(27,286)
Leasing and equipment finance	26,046	(3,163)	22,883	3,851	(5,648)	(1,797)
Total loans and leases	66,367	15,667	82,034	25,206	(38,257)	(13,051)
Total interest income	55,198	19,382	74,580	45,895	(42,688)	3,207
Deposits:						
Checking	184	164	348	388	(2,552)	(2,164)
Passbook and statement	(864)	–	(864)	(303)	(5,567)	(5,870)
Money market	804	5,261	6,065	803	(2,225)	(1,422)
Certificates	(3,187)	19,237	16,050	(17,858)	(9,683)	(27,541)
Total deposits	(3,063)	24,662	21,599	(16,970)	(20,027)	(36,997)
Borrowings:						
Securities sold under repurchase agreements and federal funds purchased	24,367	5,675	30,042	21,038	(291)	20,747
FHLB advances	3,857	5,074	8,931	25,209	(3,992)	21,217
Discounted lease rentals	(680)	854	174	(2,691)	(223)	(2,914)
Other borrowings	(2,089)	1,600	(489)	3,825	(1,150)	2,675
Total borrowings	25,455	13,203	38,658	47,381	(5,656)	41,725
Total interest expense	22,392	37,865	60,257	30,411	(25,683)	4,728
Net interest income	$ 32,806	$ (18,483)	$ 14,323	$ 15,484	$ (17,005)	$ (1,521)

[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.

Changes in net interest income are dependent upon the movement of interest rates, the volume and mix of interest-earning assets and interest-bearing liabilities, and the level of non-performing assets. Achieving net interest margin growth is dependent on TCF's ability to generate higher-yielding assets and lower-interest cost retail deposits. If variable index rates (e.g., prime) were to decline, TCF may experience additional compression of its net interest margin depending on the timing and amount of any reductions, as it is possible that interest rates paid on retail deposits will not decline as quickly, or to the same extent, as the decline in the yield on interest-rate-sensitive assets such as variable-rate home equity and commercial loans. Competition for checking, savings and money market deposits, important sources of lower cost funds for TCF, is intense. TCF may also experience compression in its net interest margin if the rates paid on deposits increase, or as a result of new pricing strategies and lower rates offered on loan products in order to respond to competitive conditions. See "Financial Condition – Market Risk – Interest-Rate Risk" and "Financial Condition – Deposits."

In 2000, TCF's net interest income increased $14.3 million, or 3.4%, and total average interest-earning assets increased by $578.7 million, or 6.1%, compared with 1999 levels. TCF's net interest income improved by $32.8 million due to volume changes and decreased $18.5 million due to rate changes. The favorable impact of the growth in consumer volumes and rates, leasing and equipment finance volumes, and commercial real estate volumes and rates was partially offset by decreased consumer finance automobile and securities available for sale volumes and increased securities sold under repurchase agreement volumes. Interest income increased $74.6 million in 2000, reflecting increases of $55.2 million due to volume and $19.4 million due to rate changes. Interest expense increased $60.3 million in 2000, reflecting increases of $37.9 million due to a higher cost of funds and $22.4 million due to volume. The increase in net interest income due to volume changes reflects the increase in total average interest-earning assets and an increase in the balance of non-interest bearing deposits. The decrease in net interest income due to rate changes reflects a higher cost of funds.

In 1999, TCF's net interest income decreased $1.5 million, or .4%, and total average interest-earning assets increased by $692 million, or 7.9%, compared with 1998 levels. TCF's net interest income improved by $15.5 million due to volume changes. The increase in net interest income due to volume reflects the increase in total average interest-earning assets. Net interest income decreased $17 million due to rate changes in 1999, reflecting loan prepayments and the discontinuation of TCF's higher-yielding consumer finance business. TCF's 1999 net interest income and net interest margin were negatively impacted, as compared with 1998, by $17.4 million or 11 basis points due to the discontinuation and sale of TCF's higher-yielding consumer finance automobile business. The unfavorable impact of the discontinuation of TCF's consumer finance automobile business, decreased yields on loans and leases resulting, in part, from the implementation of new tiered pricing for home equity loans in early 1999, and increased borrowing volumes was partially offset by increased securities available for sale and loan and lease volumes, decreased rates paid on interest-bearing liabilities and decreased certificate of deposit volumes. Interest income increased $3.2 million in 1999, reflecting an increase of $45.9 million due to volume, partially offset by a decrease of $42.7 million due to rate changes. Interest expense increased $4.7 million in 1999, reflecting an increase of $30.4 million due to volume, partially offset by a decrease of $25.7 million due to a lower cost of funds.

In 1998, TCF's net interest income increased $32.1 million, or 8.2%, primarily due to the 1997 acquisition of Standard Financial, Inc. ("Standard"), a community-oriented thrift institution located in Chicago, Illinois, and to the growth of lower interest-cost retail deposits. Total average interest-earning assets increased by $1.2 billion, or 16.2%, from 1997 levels. TCF's net interest income improved by $47.6 million due to volume changes and decreased $15.5 million due to rate changes. The favorable impact of the growth in residential real estate, consumer and commercial business loan and lease financing volumes, decreased volumes of securities sold under repurchase agreements and federal funds purchased and decreased rates paid on interest-bearing liabilities was partially offset by decreased yields on securities available for sale and consumer and residential real estate loans, and increased certificate of deposit and Federal Home Loan Bank ("FHLB") advance volumes. TCF's net interest margin for 1998 was negatively impacted by Standard's lower net interest margin, loan prepayments and purchases of mortgage-backed securities. Interest income increased $66.3 million in 1998, reflecting an increase of $92.4 million due to volume, partially offset by a decrease of $26.1 million due to rate changes. Interest expense increased $34.1 million in 1998, reflecting an increase of $44.8 million due to volume, partially offset by a decrease of $10.6 million due to a lower cost of funds.

Provision for Credit Losses — TCF provided $14.8 million for credit losses in 2000, compared with $16.9 million in 1999 and $23.3 million in 1998. The 1998 provision reflects significant provisions recognized related to TCF's discontinued consumer finance automobile lending activity. The allowance for loan and lease losses totaled $66.7 million at December 31, 2000, compared with $55.8 million at December 31, 1999, and was 189% of non-accrual loans and leases. See "Financial Condition – Allowance for Loan and Lease Losses."

Non-Interest Income — Non-interest income is a significant source of revenues for TCF, representing 43.8% of total revenues in 2000, 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. Excluding gains on sales of securities available for sale, loan servicing, branches, subsidiaries, a joint venture interest and title insurance revenues, non-interest income increased $49.6 million, or 17.8%, during 2000 to $328.8 million. The increase was primarily due to increased fees and service charges and electronic funds transfer and leasing revenues, reflecting TCF's expanded retail banking and leasing operations and customer base. The increases in fees and service charges and electronic funds transfer revenues reflect the increase in the number of retail checking accounts, which totaled 1,131,000 accounts at December 31, 2000, up from 1,032,000 at December 31, 1999. The average annual fee revenue per retail checking account was $190 for 2000, compared with $168 for 1999.

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

(Dollars in thousands)	Year Ended December 31, 2000	1999	1998	Percentage Increase (Decrease) 2000/1999	1999/1998
Fees and service charges	**$179,563**	$151,972	$127,952	**18.2%**	18.8%
Electronic funds transfer revenues	**78,101**	67,144	50,556	**16.3**	32.8
Leasing	**38,442**	28,505	31,344	**34.9**	(9.1)
Investments and insurance	**12,266**	14,849	13,926	**(17.4)**	6.6
Gain on sales of loans held for sale	**4,012**	4,747	7,575	**(15.5)**	(37.3)
Other	**16,405**	12,009	11,156	**36.6**	7.6
Fees and other revenues	**328,789**	279,226	242,509	**17.8**	15.1
Gain on sales of securities available for sale	**–**	3,194	2,246	**(100.0)**	42.2
Gain on sales of loan servicing	**–**	3,076	2,414	**(100.0)**	27.4
Gain on sales of branches	**12,813**	12,160	18,585	**5.4**	(34.6)
Gain on sale of subsidiaries	**–**	5,522	–	**(100.0)**	100.0
Gain on sale of joint venture interest	**–**	–	5,580	**–**	(100.0)
Title insurance revenues [1]	**–**	15,421	20,161	**(100.0)**	(23.5)
Other non-interest income	**12,813**	39,373	48,986	**(67.5)**	(19.6)
Total non-interest income	**$341,602**	$318,599	$291,495	**7.2**	9.3

[1] Title insurance business was sold in 1999.

Fees and service charges increased $27.6 million, or 18.2%, in 2000 and $24 million, or 18.8%, in 1999, primarily as a result of expanded retail banking activities. These increases reflect the increase in the number of retail checking accounts and per account revenues noted above. Included in fees and service charges are fees of $10.3 million, $10.3 million and $13.7 million received for the servicing of mortgage loans owned by others during 2000, 1999 and 1998, respectively. At December 31, 2000, 1999 and 1998, TCF was servicing mortgage loans for others with aggregate unpaid principal balances of $4 billion, $2.9 billion and $3.7 billion, respectively. These mortgage loans had a weighted-average coupon rate of 7.42% at December 31, 2000. As previously noted, TCF purchased the bulk servicing rights on $933 million of residential loans during 2000.

Electronic funds transfer revenues increased $11 million, or 16.3%, in 2000 and $16.6 million, or 32.8%, in 1999. These increases reflect TCF's efforts to provide banking services through its ATM network and debit cards. Included in electronic funds transfer revenues are debit card interchange fees of $28.7 million, $19.5 million and $11.1 million for 2000, 1999 and 1998, respectively. The significant increase in these fees reflects an increase in the distribution of debit cards, and an increase in utilization resulting from TCF's phone card promotion which rewards customers with long distance minutes based on usage. TCF had 1.2 million ATM cards outstanding at December 31, 2000, of which 1.1 million were debit cards. At December 31, 1999, TCF had 1.1 million ATM cards outstanding of which 929,000 were debit cards. The percentage of TCF's checking account base with debit cards increased to 74.8% during 2000, from 71.6% during 1999. The percentage of these customers who were active debit card users increased to 49.3% during 2000, from 44.6% during 1999. The average number of transactions per month on active debit cards increased to 9.99 during 2000, from 9.01 during 1999. TCF had 1,384 ATMs in its network at December 31, 2000, compared with 1,406 ATMs at December 31, 1999. Electronic funds transfer revenues in future periods may be negatively impacted by pending legislative proposals which, if enacted and not judicially restrained, could limit ATM fees.

Leasing revenues increased $9.9 million in 2000 to $38.4 million, following a decrease of $2.8 million in 1999 to $28.5 million. The volume and type of new lease transactions and the resulting revenues may fluctuate from period to period based upon factors not within the control of TCF, such as economic conditions. The increase in total leasing revenues for 2000 is primarily due to increased revenue of $6.8 million from sales-type lease transactions and an increase of $1.7 million in operating lease transactions. The decrease in total leasing revenues for 1999 is primarily due to decreased revenue of $4 million from sales-type lease transactions. TCF's ability to grow 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 into service.

Investments and insurance income, consisting principally of commissions on sales of annuities and mutual funds, decreased $2.6 million to $12.3 million in 2000, following an increase of $923,000 to $14.8 million in 1999. Annuity and mutual fund sales volumes totaled $170.2 million for the year ended December 31, 2000, compared with $230.5 million during 1999. The decreased volumes during 2000 reflect the impact of lower yields offered by insurance companies on annuity products, and the volatility of the stock market. Sales of annuities and mutual funds 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 continued favorable tax treatment and may be negatively impacted by the level of interest rates.

Gains on sales of loans held for sale decreased $735,000 in 2000, following a decrease of $2.8 million in 1999. Residential mortgage loan sales volumes totaled $512.4 million for the year ended December 31, 2000, compared with $360.3 million for the same period of 1999. Education loan sales volumes totaled $100.9 million for the year ended December 31, 2000, compared with $97.1 million for the same period of 1999. During 1999, TCF recognized losses of $1.4 million on sales of $139.4 million of its consumer finance automobile loan portfolio. See "Financial Condition – Loans Held for Sale" and "Financial Condition – Loans and Leases." Gains or losses on sales of loans held for sale may fluctuate significantly from period to period due to changes in interest rates and volumes, and results in any period related to these transactions may not be indicative of results which will be obtained in future periods.

Sales of securities available for sale produced gains of $3.2 million and $2.2 million in 1999 and 1998, respectively. There were no sales of securities available for sale in 2000. Gains of $3.1 million and $2.4 million were recognized on the sales of $344.6 million and $200.4 million of third-party loan servicing rights in 1999 and 1998, respectively. No similar activity occurred during 2000. TCF may, from time to time, sell securities available for sale and loan servicing rights depending on market conditions.

During the 1999 fourth quarter, TCF sold its title insurance and appraisal operations and recognized a gain of $5.5 million, and will recognize a deferred gain of up to $15 million over the ensuing five years based upon TCF's use of services. During 2000, $4.5 million of this deferred gain was earned and recognized in other non-interest income. Title insurance revenues are no longer recognized by TCF as a result of its sale of these operations. Title insurance revenues totaled $15.4 million in 1999 and $20.2 million in 1998.

During 2000, TCF recognized gains of $12.8 million on the sales of six branches with $95.7 million in deposits, compared with gains of $12.2 million on the sales of eight branches with $116.7 million in deposits during 1999. TCF recognized gains of $18.6 million on the sales of 14 branches with $234 million in deposits and $5.6 million on the sale of its joint venture interest in Burnet Home Loans during 1998. TCF periodically sells branches that it considers to be underperforming, or have limited growth potential, and may continue to do so in the future, including one planned branch sale during the first quarter of 2001.

Non-Interest Expense – Non-interest expense increased $9.7 million, or 2.1%, in 2000, and $24.1 million, or 5.6%, in 1999, compared with the respective prior years. The following table presents the components of non-interest expense:

(Dollars in thousands)	Year Ended December 31, 2000	1999	1998	Percentage Increase (Decrease) 2000/1999	1999/1998
Compensation and employee benefits	**$239,544**	$239,053	$217,401	**.2%**	10.0%
Occupancy and equipment	**74,938**	73,613	71,323	**1.8**	3.2
Advertising and promotions	**19,181**	16,981	19,544	**13.0**	(13.1)
Amortization of goodwill and other intangibles	**10,001**	10,689	11,399	**(6.4)**	(6.2)
Other	**118,864**	112,462	109,033	**5.7**	3.1
Total non-interest expense	**$462,528**	$452,798	$428,700	**2.1**	5.6

Compensation and employee benefits, representing 51.8% and 52.8% of total non-interest expense in 2000 and 1999, respectively, increased $491,000, or .2%, in 2000, and $21.7 million, or 10%, in 1999. The increases were primarily due to costs associated with expanded retail banking and leasing activities, including the opening of a total of 164 new branches in the past three years, offset by cost savings from discontinued businesses.

Occupancy and equipment expenses increased $1.3 million in 2000 and $2.3 million in 1999. The increases were primarily due to TCF's expanded retail banking and leasing activities, offset by branch sales.

Advertising and promotion expenses increased $2.2 million in 2000 following a decrease of $2.6 million in 1999. The increase in 2000 was primarily due to promotional expenses associated with the TCF Express Phone Card, where customers earn free long distance minutes for use of their debit cards. During 2000, TCF awarded over 38.6 million minutes under this promotion. The decrease in 1999 reflected a decrease in direct mail expenses relating to the promotion of consumer finance loan products.

Amortization of goodwill and other intangibles decreased $688,000 in 2000 and $710,000 in 1999. The decrease in 2000 was primarily due to reduced amortization of deposit base intangibles. The write-off of goodwill associated with branch sales, which is reported as a component of gain on sales of branches, totaled $464,000 in 1999 and $3.3 million in 1998. No such write-offs occurred during 2000.

Other non-interest expense increased $6.4 million, or 5.7%, in 2000 and $3.4 million, or 3.1%, in 1999. The increases primarily reflect costs associated with expanded retail banking and leasing activities, including increases in deposit account losses. A summary of other expense is presented in Note 19 of Notes to Consolidated Financial Statements.

Income Taxes — TCF recorded income tax expense of $116.6 million in 2000, compared with $107.1 million in 1999 and $109.1 million in 1998. Income tax expense represented 38.5% of income before income tax expense during 2000, compared with 39.2% and 41.1% in 1999 and 1998, respectively. The lower tax rates in 2000 and 1999 reflect lower state income taxes, and the impact of relatively lower non-deductible expenses.

Further detail on income taxes is provided in Note 11 of Notes to Consolidated Financial Statements.

CONSOLIDATED FINANCIAL CONDITION ANALYSIS

Investments — Total investments, which include interest-bearing deposits with banks, federal funds sold, FHLB stock, Federal Reserve Bank stock and other investments, decreased $14.1 million in 2000 to $134.1 million at December 31, 2000. The decrease primarily reflects a decrease of $20 million in interest-bearing deposits with banks, partially offset by an increase of $5.8 million in FHLB stock. TCF had no non-investment grade debt securities (junk bonds) and there were no open trading account or investment option positions as of December 31, 2000. TCF is required to invest in FHLB stock in proportion to its level of borrowings from the FHLB.

Securities Available for Sale — Securities available for sale are carried at fair value with the unrealized gains or losses, net of deferred income taxes, reported as accumulated other comprehensive income (loss), which is a separate component of stockholders' equity. Securities available for sale decreased $117.8 million during 2000 to $1.4 billion at December 31, 2000. The decrease reflects payment and prepayment activity, partially offset by purchases of $314,000 of securities available for sale. At December 31, 2000, TCF's securities available-for-sale portfolio included $1.3 billion and $85.8 million of fixed-rate and adjustable-rate mortgage-backed securities, respectively. Securities available for sale totaled $1.5 billion at December 31, 1999. Net unrealized pre-tax losses on securities available for sale totaled $15.6 million at December 31, 2000, compared with net unrealized pre-tax losses of $75.3 million at December 31, 1999. TCF has no plans to sell these securities and it is not anticipated that these unrealized losses will be realized.

Loans Held for Sale — Residential real estate and education loans held for sale are carried at the lower of cost or market. Education loans held for sale increased $9.3 million and residential real estate loans held for sale increased $19.5 million from year-end 1999, and totaled $153.2 million and $74.5 million, respectively, at December 31, 2000. As previously noted, $139.4 million of consumer finance automobile loans and $14.8 million of related allowances were transferred to loans held for sale during 1999 and were subsequently sold during 1999. There were no consumer finance automobile loans classified as held for sale at December 31, 2000. See "Loans and Leases."

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

(In thousands)	At December 31, 2000	1999	1998	1997	1996
Residential real estate	**$3,673,831**	$3,919,678	$3,765,280	$3,623,845	$2,252,312
Consumer	**2,234,134**	2,058,584	1,876,554	1,976,699	1,728,368
Commercial real estate	**1,371,841**	1,073,472	811,428	859,916	858,225
Commercial business	**410,422**	351,353	289,104	240,207	157,057
Leasing and equipment finance	**856,471**	492,656	398,812	368,521	296,958
Total loans and leases	**$8,546,699**	$7,895,743	$7,141,178	$7,069,188	$5,292,920

Loans and leases increased $651 million from year-end 1999 to $8.5 billion at December 31, 2000, reflecting increases of $363.8 million, $298.4 million and $175.6 million in leasing and equipment finance, and commercial real estate and consumer loans, respectively, partially offset by a decrease of $245.8 million in residential real estate loans. At December 31, 2000, TCF's residential real estate loan portfolio was comprised of $1.6 billion of fixed-rate loans and $2.1 billion of adjustable-rate loans. Management expects that the balance in the residential loan portfolio will continue to decline, which will provide funding for anticipated growth in other loan categories.

Consumer loans increased $175.6 million from year-end 1999 to $2.2 billion at December 31, 2000, reflecting an increase of $193.9 million in home equity loans, partially offset by a decrease of $17.1 million in automobile loans. Approximately 68% of the home equity loan portfolio at December 31, 2000 consists of closed-end loans. In addition, 47% of this portfolio carries a variable interest rate.

In December 1998, TCF restructured its consumer finance company operations, including the discontinuation of indirect automobile lending and a renewed focus on home equity lending. In response to intensifying price competition, in early 1999 TCF implemented a tiered pricing structure for its home equity loans. As a result of the new programs, TCF experienced an increase in the loan-to-value ratios on new home equity loans. 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. These loans may have balances exceeding $100,000. These loans may carry a higher level of credit risk than loans with a lower loan-to-value ratio. Higher loan-to-value ratio loans are made to more creditworthy customers based on credit scoring models. The following table sets forth additional information about the loan-to-value ratios for TCF's home equity loan portfolio:

	At December 31, 2000		1999	
(Dollars in thousands)	Balance	Percent of Total	Balance	Percent of Total
Loan-to-Value Ratios [1]				
Over 100% [2]	**$ 45,633**	**2.1%**	$ 56,530	2.9%
Over 90% to 100%	**486,536**	**22.4**	398,871	20.2
Over 80% to 90%	**648,218**	**29.9**	570,567	28.9
80% or less	**988,440**	**45.6**	948,956	48.0
Total	**$2,168,827**	**100.0%**	$1,974,924	100.0%

[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 original amount of senior liens, if any. Property values represent the most recent appraised value or property tax assessment value known to TCF. In most cases this value was obtained at the loan origination date and does not reflect subsequent appreciation or depreciation in property values, if any.

[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.

The following table summarizes TCF's commercial real estate loan portfolio by property type:

	At December 31, 2000		1999	
(Dollars in thousands)	Balance	Number of Loans	Balance	Number of Loans
Apartments	**$ 326,594**	**544**	$ 276,312	537
Office buildings	**318,230**	**279**	233,184	257
Retail services	**171,747**	**221**	161,032	228
Hospitality facilities	**159,383**	**34**	112,652	27
Warehouse/industrial buildings	**120,852**	**156**	107,076	136
Health care facilities	**28,783**	**18**	20,858	17
Other	**246,252**	**546**	162,358	437
	$1,371,841	**1,798**	$1,073,472	1,639

Commercial real estate loans increased $298.4 million from year-end 1999 to $1.4 billion at December 31, 2000. Commercial business loans increased $59.1 million in 2000 to $410.4 million at December 31, 2000. TCF is seeking to expand its commercial business and commercial real estate lending activity to borrowers located in its primary midwestern markets. At December 31, 2000, approximately 87% of TCF's commercial real estate loans outstanding were secured by properties located in its primary markets. In addition, approximately 96% of TCF's commercial business and commercial real estate loans are secured either by properties or underlying business assets. At December 31, 2000 and December 31, 1999, there were no commercial real estate loans with terms that have been modified in troubled debt restructurings included in performing loans.

Leasing and equipment finance increased $363.8 million from year-end 1999 to $856.5 million at December 31, 2000. At December 31, 2000, $165.8 million or 25.4% of TCF's lease portfolio was funded on a non-recourse basis with other banks and consequently TCF retains no credit risk on such amounts. This compares with non-recourse fundings of $178.4 million or 38.9% at December 31, 1999. Total loan and lease originations for TCF's leasing business were $648.1 million during 2000, compared with $327.3 million in 1999 and $199.6 million in 1998. At December 31, 2000, the backlog of approved transactions related to TCF's leasing business totaled $165.6 million, compared with $125.2 million at December 31, 1999. The increase in the leasing and equipment finance portfolio is primarily due to the de novo expansion activity of TCF Leasing, which began in 1999. Included in this portfolio at December 31, 2000 are $144.4 million of loans and leases secured by trucks and trailers, compared with $34.1 million at December 31, 1999. TCF's expanded leasing activity is subject to the risk of cyclical downturns and other adverse economic developments affecting these industries and markets. TCF Leasing has originated most of its portfolio during 2000, and consequently the performance of this portfolio may not be reflective of future results and credit quality.

Loan and lease originations were as follows:

(In thousands)	Year Ended December 31, 2000	1999	1998
Consumer[1]	**$1,111,644**	$1,371,712	$1,181,027
Commercial	**768,024**	746,769	519,386
Leasing and equipment finance	**648,052**	327,265	199,639
Residential real estate[1]	**893,873**	1,362,742	2,023,078
Total	**$3,421,593**	$3,808,488	$3,923,130

[1] Includes loans held for sale.

Allowance for Loan and Lease Losses — Credit risk is the risk of loss from a customer default. 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 special procedures for collection of problem loans and leases. The risk of loss is difficult to quantify and is subject to fluctuations in values and general economic conditions and other factors. See Notes 1 and 7 of Notes to Consolidated Financial Statements for additional information concerning TCF's allowance for loan and lease losses.

At December 31, 2000, the allowance for loan and lease losses totaled $66.7 million, compared with $55.8 million at December 31, 1999. The increase is due to growth in loans and leases, primarily commercial business, commercial real estate and leasing and equipment finance, which carry higher credit risk than residential real estate loans. The allocation of TCF's allowance for loan and lease losses, including general and specific loss allocations, is as follows:

	At December 31,					Allocations as a Percentage of Total Loans and Leases Outstanding by Type At December 31,				
(Dollars in thousands)	2000	1999	1998	1997	1996	2000	1999	1998	1997	1996
Residential real estate	**$ 2,762**	$ 3,014	$ 3,471	$ 3,501	$ 2,379	**.08%**	.08%	.09%	.10%	.11%
Commercial real estate	**20,753**	12,708	12,525	15,065	16,213	**1.51**	1.18	1.54	1.75	1.89
Commercial business	**9,668**	8,256	5,756	4,520	3,072	**2.36**	2.35	1.99	1.88	1.96
Consumer direct	**8,394**	8,482	9,338	12,109	11,907	**.38**	.41	.57	.72	.84
Consumer finance automobile	**1,370**	2,219	22,673	16,020	14,793	**62.59**	28.72	9.69	5.37	4.84
Leasing and equipment finance	**7,583**	4,237	2,955	2,004	1,116	**.89**	.86	.74	.54	.38
Unallocated	**16,139**	16,839	23,295	29,364	22,385	**.19**	.21	.33	.42	.42
Total allowance balance	**$66,669**	$55,755	$80,013	$82,583	$71,865	**.78**	.71	1.12	1.17	1.36

Additional information on the allowance for loan and lease losses follows:

	At December 31, 2000				At December 31, 1999			
(Dollars in thousands)	Allowance for Loan and Lease Losses	Total Loans and Leases	Allowance as a % of Portfolio	Net Charge Offs[1]	Allowance for Loan and Lease Losses	Total Loans and Leases	Allowance as a % of Portfolio	Net Charge Offs[1]
Commercial real estate	**$20,753**	**$1,371,841**	**1.51%**	**(.02)%**	$12,708	$1,073,472	1.18%	(.08)%
Commercial business	**9,668**	**410,422**	**2.36**	**(.15)**	8,256	351,353	2.35	(.08)
Consumer	**9,764**	**2,234,134**	**.44**	**.12**	10,701	2,058,584	.52	1.30
Leasing and equipment finance	**7,583**	**856,471**	**.89**	**.33**	4,237	492,656	.86	.39
Unallocated	**16,139**	**—**	**.19**	**N.A.**	16,839	–	.21	N.A.
Subtotal	**63,907**	**4,872,868**	**1.31**	**.09**	52,741	3,976,065	1.33	.72
Residential real estate	**2,762**	**3,673,831**	**.08**	**—**	3,014	3,919,678	.08	–
Total	**$66,669**	**$8,546,699**	**.78**	**.05**	$55,755	$7,895,743	.71	.35

[1] Net charge-offs (recoveries) during the year then ended as a percentage of related average loans and leases.
N.A. Not applicable.

The allocated allowance balances for TCF's residential, consumer and commercial business loan portfolios at December 31, 2000 reflect the Company's continued strengthening of its credit quality and related low level of net loan charge-offs for these portfolios. The increase in the allocated allowance for leasing and equipment finance losses reflects the previously mentioned increase in the percentage of leases that are internally funded, and portfolio growth. The allocated allowances for these portfolios do not reflect any significant changes in estimation methods or assumptions.

Net loan and lease charge-offs were $3.9 million in 2000, compared with $26.4 million in 1999 and $25.9 million in 1998. TCF has experienced a significant decrease in the level of net loan charge-offs related to its consumer finance automobile portfolio, a large portion of which was sold or liquidated in 1999. As a result, the ratio of annualized net loan charge-offs to average loans outstanding for TCF's consumer portfolio was .12% for the year ended December 31, 2000, compared with 1.30% for the year ended December 31, 1999. Included in the net loan and lease charge-offs for 2000 were $1.5 million of net recoveries related to the consumer finance automobile loans, compared with net charge-offs of $21.2 million for 1999. The allowance for loan and lease losses as a percentage of net loan and lease charge-offs during the year was 1,728% at December 31, 2000, compared with 211% at December 31, 1999 and 310% at December 31, 1998. The increase in this ratio reflects the significant decrease in net loan charge-offs related to TCF's consumer finance automobile portfolio, including a significant level of net recoveries. The increase in TCF's allowance for loan and lease losses as a percentage of total loans and leases at December 31, 2000 reflects the impact of the significant growth in the higher-risk commercial loan and lease portfolios during the past year.

Non-Performing Assets — Non-performing assets (principally non-accrual loans and leases and other real estate owned) totaled $46.7 million at December 31, 2000, up $11.3 million from $35.4 million at December 31, 1999. The increase in total non-performing assets reflects increases of $9.4 million in non-accrual leasing and equipment finance and $4.2 million in commercial real estate non-accrual loans, partially offset by a decrease of $2.7 million in commercial business non-accrual loans. Included in non-accrual leasing and equipment finance at December 31, 2000 are $3.9 million of leases that have been funded on a non-recourse basis by third-party financial institutions. Approximately 60% of non-performing assets consist of, or are secured by, residential real estate. 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 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:

	At December 31,				
(Dollars in thousands)	**2000**	1999	1998	1997	1996
Non-accrual loans and leases:					
Consumer	**$13,027**	$12,178	$17,745	$21,037	$13,472
Residential real estate	**4,829**	5,431	8,078	8,451	3,996
Commercial real estate	**5,820**	1,576	4,352	3,818	7,604
Commercial business	**236**	2,960	2,797	3,370	1,149
Leasing and equipment finance	**11,286**	1,929	725	117	176
	35,198	24,074	33,697	36,793	26,397
Other real estate owned and other assets	**11,524**	11,348	14,972	21,953	19,937
Total non-performing assets	**$46,722**	$35,422	$48,669	$58,746	$46,334
Non-performing assets as a percentage of net loans and leases	**.55%**	.45%	.69%	.84%	.89%
Non-performing assets as a percentage of total assets	**.42**	.33	.48	.60	.62

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:

	At December 31,			
	2000		1999	
(Dollars in thousands)	**Principal Balances**	**Percentage of Loans and Leases**	Principal Balances	Percentage of Loans and Leases
Loans and leases delinquent for:				
30-59 days	**$40,083**	**.47%**	$20,368	.26%
60-89 days	**13,755**	**.16**	6,945	.09
90 days or more	**5,020**	**.06**	5,789	.07
Total	**$58,858**	**.69%**	$33,102	.42%

The over 30-day delinquency rate on TCF's loans and leases (excluding loans held for sale and non-accrual loans and leases) was .69% of loans and leases outstanding at December 31, 2000, compared with .42% at year-end 1999. TCF had $5 million of accruing loans and leases 90 days or more past due at December 31, 2000, compared with $5.8 million at December 31, 1999. TCF's delinquency rates are determined using the contractual method. The following table sets forth information regarding TCF's over 30-day delinquent loan and lease portfolio, excluding loans held for sale and non-accrual loans and leases:

	At December 31,			
	2000		1999	
(Dollars in thousands)	**Principal Balances**	**Percentage of Portfolio**	Principal Balances	Percentage of Portfolio
Consumer	**$20,628**	**.93%**	$19,076	.93%
Residential real estate	**16,971**	**.46**	11,552	.30
Commercial real estate	**1,793**	**.13**	493	.05
Commercial business	**3,958**	**.96**	1,595	.46
Leasing and equipment finance	**15,508**	**1.83**	386	.08
Total	**$58,858**	**.69**	$33,102	.42

TCF's over 30-day delinquency rate on total consumer loans was .93% at December 31, 2000, unchanged from year-end 1999. TCF's over 30-day delinquency on total leasing and equipment finance increased to 1.83% at December 31, 2000 from .08% at December 31, 1999. The increase can be attributed to the significant increase in activity in the leasing operations during 2000. Included in delinquent leasing and equipment finance at December 31, 2000 are $2.4 million of leases that have been funded on a non-recourse basis by third-party financial institutions. Contributing to the increase in leasing and equipment finance delinquencies is an increase in delinquencies for the truck and trailer segment during the fourth quarter of 2000. At December 31, 2000, approximately $9.6 million of the truck and trailer segment was over 30-days delinquent. The rise in fuel prices has had an adverse impact on the owner/operator trucking industry. These operators may be experiencing financial difficulties and may be unable to meet their lease obligations. Management continues to monitor the leasing and equipment finance and consumer loan portfolios, which will generally have higher delinquencies than other categories. See "Loans and Leases."

In addition to the non-accrual loans and leases, there were commercial real estate and commercial business loans and lease financings with an aggregate principal balance of $19.9 million outstanding at December 31, 2000 for which management has concerns regarding the ability of the borrowers to meet existing repayment terms. This amount consists of loans and leases that were classified for regulatory purposes as substandard or doubtful, or were to borrowers that currently are experiencing financial difficulties or that management believes may experience financial difficulties in the future. This compares with $33 million of such loans and leases at December 31, 1999. Although these loans and leases are secured by commercial real estate or other corporate assets, they may be subject to future modifications of their terms or may become non-performing. Management monitors the performance and classification of such loans and leases and the financial condition of these borrowers.

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 meet funding requirements promptly.

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, advances from the FHLB and proceeds from reverse repurchase borrowing agreements. Deposit inflows and outflows are significantly influenced by general interest rates, money market conditions, competition for funds and other factors. TCF's deposit inflows and outflows have been and will continue to be affected by these factors. See "FORWARD-LOOKING INFORMATION." 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 reverse repurchase agreements and, to a lesser extent, from other sources. See "Borrowings."

Potential sources of liquidity for TCF Financial Corporation (parent company only) include cash dividends from TCF's wholly owned bank subsidiaries, issuance of equity securities, borrowings under the Company's $135 million bank line of credit and commercial paper program, and interest income. TCF's subsidiary banks' 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, 2000 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 lower cost funds and fee income for TCF. Deposits totaled $6.9 billion at December 31, 2000, up $307 million from December 31, 1999. As previously noted, TCF sold six branches with $95.7 million of deposits during 2000. Lower interest-cost checking, savings and money market deposits totaled $4.1 billion, up $373.2 million from December 31, 1999, and comprised 59.3% of total deposits at December 31, 2000. The average balance of these deposits for 2000 was $3.9 billion, an increase of $134.7 million over the $3.7 billion average balance for 1999. Higher interest-cost certificates of deposit decreased $66.2 million from December 31, 1999. The Company's weighted-average rate for deposits, including non-interest bearing deposits, increased to 3.12% at December 31, 2000, from 2.71% at December 31, 1999, due to increases in general levels of interest rates.

As previously noted, TCF continued to expand its supermarket banking franchise during 2000, opening 18 new branches during the year. TCF now has 213 supermarket branches. During the past year, the number of deposit accounts in TCF's supermarket branches increased 17.1% to over 646,000 accounts and the balances increased 30% to $1.1 billion. The average rate on these deposits increased from 2.24% at December 31, 1999 to 2.73% at December 31, 2000, due to general increases in interest rates. Additional information regarding TCF's supermarket branches follows:

Supermarket Banking Summary

(Dollars in thousands)	At December 31, 2000	1999	Increase	Percentage Change
Number of branches	**213**	195	18	9.2%
Number of deposit accounts	**646,084**	551,536	94,548	17.1
Deposits:				
Checking	**$ 475,162**	$354,074	$121,088	34.2
Passbook and statement	**135,000**	120,876	14,124	11.7
Money market	**108,557**	60,169	48,388	80.4
Certificates	**354,891**	290,579	64,312	22.1
Total deposits	**$1,073,610**	$825,698	$247,912	30.0
Average rate on deposits	**2.73%**	2.24%	.49%	21.9
Total fees and other revenues for the year	**$ 112,043**	$ 86,665	$ 25,378	29.3
Consumer loans outstanding	**$ 233,393**	$192,931	$ 40,462	21.0

Borrowings — Borrowings totaled $3.2 billion at December 31, 2000, up $100.4 million from year-end 1999. The increase was primarily due to increases of $131.3 million in FHLB advances and $91 million in federal funds purchased, partially offset by decreases of $42 million in TCF's bank line of credit, $29.3 million in treasury, tax and loan notes, $22.4 million in commercial paper and $15.7 million in securities sold under agreements to repurchase. See Note 10 of Notes to Consolidated Financial Statements for detailed information on TCF's borrowings. Included in FHLB advances at December 31, 2000 are $1.5 billion of fixed-rate advances which are callable at par on certain anniversary dates and quarterly thereafter until maturity. If called, the FHLB will provide replacement funding at the then-prevailing market rate of interest for the remaining term-to-maturity of the advances, subject to standard terms and conditions. Included in FHLB advances are $688 million of long-term FHLB advances that have call dates within one year. Due to changes in interest rates since the long-term FHLB advances were obtained, the market rates exceeded the contract rates on $53 million of the long-term FHLB advances with call dates within one year. The weighted-average rate on borrowings increased to 6.23% at December 31, 2000, from 5.91% at December 31, 1999, due to general increases in interest rates. At December 31, 2000, borrowings with a maturity of one year or less totaled $1.5 billion. Management has entered into additional long-term callable FHLB advances to extend the maturity of $300 million of TCF's short-term borrowings. The FHLB advances settle during the first quarter of 2001.

Stockholders' Equity — Stockholders' equity at December 31, 2000 was $910.2 million, or 8.1% of total assets, up from $809 million, or 7.6% of total assets, at December 31, 1999. The increase in stockholders' equity is primarily due to net income of $186.2 million for the year ended December 31, 2000 and the decrease of $37.5 million in accumulated other comprehensive loss, partially offset by the repurchase of 3,243,800 shares of TCF's common stock at a cost of $73.8 million and the payment of $66.1 million in dividends on common stock. Since January 1, 1998, the Company has repurchased 14.9 million shares of TCF's common stock at an average cost of $26.26 per share.

Market Risk — Interest-Rate Risk — TCF's results of operations are dependent to a large degree on its net interest income and the Company's 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. TCF, like most financial institutions, has a material interest-rate risk exposure to changes in both short-term and long-term interest rates as well as variable index interest rates (e.g., prime). Since TCF does not hold a trading portfolio, the Company is not exposed to market risk from trading activities.

Like most financial institutions, TCF's interest income and cost of funds are significantly affected by general economic conditions and by policies of regulatory authorities. The mismatch between maturities and interest-rate sensitivities of assets and liabilities results in interest-rate risk. TCF's Asset/Liability Management 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 measure is subject to a number of assumptions and is only one of a number of measurements, management believes the interest-rate gap (difference between interest-earning assets and interest-bearing liabilities repricing within a given period) 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. In addition to the interest-rate gap analysis, management also utilizes a simulation model to measure and manage TCF's interest-rate risk. For an institution with a negative interest-rate gap for a given period, the amount of its interest-bearing liabilities maturing or otherwise repricing within such period exceeds the amount of its interest-earning assets repricing within the same period. In a rising interest-rate environment, institutions with negative interest-rate gaps will generally experience more immediate increases in the cost of their liabilities than in the yield on their assets. Conversely, the yield on assets for institutions with negative interest-rate gaps will generally decrease more slowly than the cost of their funds in a falling interest-rate environment.

The amounts in the maturity/rate sensitivity table below represent management's estimates and assumptions. The amounts 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 the FHLB will exercise its option to call certain of TCF's longer-term FHLB advances. Decisions by management to purchase or sell assets, or retire debt could change the maturity/repricing and spread relationships. In addition, TCF's interest-rate risk will increase during periods of rising interest rates due to slower prepayments on loans and mortgage-backed securities. TCF's one-year adjusted interest-rate gap was a negative $215.1 million, or (2)% of total assets, at December 31, 2000, compared with a negative $1 billion, or (10)% of total assets, at December 31, 1999. The decrease in TCF's negative one-year interest-rate gap reflects the impact of projected faster prepayment rates on loan and mortgage-backed securities portfolios, and a change in management's maturity/repricing assumptions for money market deposits.

The following table summarizes TCF's interest-rate gap position at December 31, 2000:

	Maturity/Rate Sensitivity					
(Dollars in thousands)	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	$ 167,861	$ 45,966	$ 8,366	$ 2,393	$ 3,193	$ 227,779
Securities available for sale [1]	26,434	102,458	113,620	279,790	881,586	1,403,888
Real estate loans [1]	559,281	570,888	616,026	1,495,122	1,804,355	5,045,672
Leasing and equipment finance [1]	32,883	143,060	158,175	392,921	129,432	856,471
Other loans [1]	1,375,937	166,454	171,343	464,089	466,733	2,644,556
Investments	110,773	–	–	–	23,286	134,059
	2,273,169	1,028,826	1,067,530	2,634,315	3,308,585	10,312,425
Interest-bearing liabilities:						
Checking deposits [2]	165,755	–	–	–	2,038,188	2,203,943
Passbook and statement deposits [2]	144,090	101,812	107,111	302,914	389,461	1,045,388
Money market deposits [3]	441,643	–	–	–	395,245	836,888
Certificate deposits	241,426	1,409,891	723,036	402,511	28,741	2,805,605
FHLB advances [4]	353,000	–	181,537	293,500	1,063,000	1,891,037
Discounted lease rentals	8,899	39,560	39,424	61,471	16,409	165,763
Other borrowings	501,753	375,692	50,000	–	200,000	1,127,445
	1,856,566	1,926,955	1,101,108	1,060,396	4,131,044	10,076,069
Interest-earning assets over (under) interest-bearing liabilities (Primary gap)	416,603	(898,129)	(33,578)	1,573,919	(822,459)	236,356
Impact of unsettled borrowings [5]	300,000	–	–	(300,000)	–	–
Adjusted gap	$ 716,603	$ (898,129)	$ (33,578)	$1,273,919	$ (822,459)	$ 236,356
Adjusted cumulative gap	$ 716,603	$ (181,526)	$ (215,104)	$1,058,815	$ 236,356	$ 236,356
Adjusted cumulative gap as a percentage of total assets:						
At December 31, 2000	6%	(2)%	(2)%	9%	2%	2%
At December 31, 1999	7%	(7)%	(10)%	(9)%	2%	2%

[1] Based upon contractual maturity, repricing date, if applicable, scheduled repayments of principal and projected prepayments of principal based upon experience.

[2] Includes non-interest bearing deposits. 7.5% of checking accounts are included in amounts repricing within one year. In addition, 34% and 29% of passbook and statement accounts are included in the less than 1 year and "1 to 3 Years" categories, respectively. All remaining passbook and statement and checking accounts are assumed to mature in the "3+ Years" category. While management believes these assumptions are well based, no assurance can be given that amounts on deposit in checking and passbook and statement accounts will not significantly change or be repriced in the event of a general change in interest rates. At December 31, 1999, money market accounts and 10% of checking accounts were included in amounts repricing within one year, and 27% and 30% of passbook and statement accounts were included in the less than 1 year and "1 to 3 Years" categories, respectively.

[3] Reflects a change in maturity/repricing assumptions from those at December 31, 1999. Certain low-rate money market accounts totaling $395.2 million were moved to the "3+ Years" category due to a history of little or no repricing activity for the product types.

[4] Includes $671.5 million of callable FHLB advances, all of which have a call date beyond one year. Based upon market interest rates at December 31, 2000, $158.5 million of these FHLB advances are included as repricing in the "1 to 3 Years" category which corresponds to their next call date, instead of in the "3+ Years" category, which corresponds to their maturity date.

[5] Represents $300 million of unsettled callable FHLB advances that settle within 30 days. The call dates for these FHLB advances are beyond one year.

As previously noted, TCF also utilizes 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, 2000, net interest income is estimated to increase by .4% over the next twelve months if interest rates were to sustain an immediate increase of 200 basis points. At December 31, 1999, net interest income was estimated to increase by 1.2% assuming a similar change in interest rates. If interest rates were to decline by 200 basis points, net interest income is estimated to decrease by 3.9% over the next twelve months. Simulations at December 31, 1999 projected a decrease in net interest income of .3% assuming a similar change in interest rates.

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.

Recent Accounting Developments — Effective January 1, 2001, TCF adopted Statement of Financial Accounting Standards ("SFAS") No. 133, as amended, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires that all derivative instruments as defined, including derivatives embedded in other financial instruments or contracts, be recognized as either assets or liabilities in the statement of financial condition at fair value. Changes in the fair value of a derivative are recorded in the results of operations. A derivative may be designated as a hedge of an exposure to changes in the fair value of an asset, liability or firm commitment or as a hedge of cash flows of forecasted transactions. The accounting for derivatives that are used as hedges is dependent on the type of hedge and requires that a hedge be highly effective in offsetting changes in the hedged risk.

Under SFAS No. 133, TCF's pipeline of locked residential mortgage loan commitments are considered derivatives and will be recorded at fair value, with changes in fair value recognized in gains on sales of loans held for sale in the income statement. TCF hedges its risk of changes in the fair value of locked residential mortgage loan commitments due to changes in interest rates through the use of forward sales contracts. Forward sales contracts require TCF to deliver qualifying residential mortgage loans or pools of loans at a specified future date at a specified price or yield. Such forward sales contracts hedging the pipeline of locked residential mortgage loan commitments are derivatives under SFAS No. 133 and are recorded at fair value, with changes in fair value recognized in gains on sales of loans held for sale. TCF also utilizes forward sales contracts to hedge its risk of changes in the fair value of its residential loans held for sale. In accordance with fair value hedge accounting under SFAS No. 133, the forward sales contracts hedging the residential loans held for sale are recorded at fair value, with changes in fair value recognized in gains on sales of loans held for sale as is the offsetting change in the fair value of the hedged loans. The impact of adopting SFAS No. 133 on TCF's financial position and results of operations was not material.

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. Among other possible developments, pending legislation which would impose limitations on ATM surcharges or restrict the sharing of customer information, or adverse decisions in litigation dealing with such legislation, or in litigation against Visa and Mastercard affecting debit card fees, could have an adverse impact on TCF.

On November 12, 1999, the President signed into law the Gramm-Leach-Bliley Act (the "Act"). The Act significantly changed the regulatory structure and oversight of the financial services industry and expanded financial affiliation opportunities for bank holding companies. The Act permits "financial holding companies" to engage in a range of activities that are "financial in nature" or "incidental" thereto, such as banking, insurance, securities activities, and merchant banking. To qualify to engage in expanded financial activities, a financial holding company must make certain required regulatory filings, and subsidiary depository institutions must be well-capitalized, well-managed and rated "satisfactory" or better under the Community Reinvestment Act. TCF filed an election to become a financial holding company with the Federal Reserve, and this election became effective in June 2000. The Act also permits a national bank to engage in certain expanded financial activities through a financial subsidiary, provided the bank and its depository institution affiliates are deemed well-capitalized and well-managed and meet certain other regulatory requirements. The Act preempts state laws restricting the establishment of financial affiliations authorized or permitted under the Act, subject to certain limited exceptions, including an exception that allows state insurance regulators to impose certain requirements on financial institutions, so long as they are not substantially more adverse than those applying to other persons.

FORWARD-LOOKING INFORMATION

This Annual Report 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; reduced demand for financial services and loan and lease products; changes in accounting policies or guidelines, or monetary and fiscal policies of the federal government; changes in credit and other risks posed by TCF's loan, lease and investment portfolios; technological, computer-related or operational difficulties; adverse changes in securities markets; results of litigation or other significant uncertainties.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars in thousands, except per-share data)	At December 31, 2000	1999
Assets		
Cash and due from banks	**$ 392,007**	$ 429,262
Investments	**134,059**	148,154
Securities available for sale	**1,403,888**	1,521,661
Loans held for sale	**227,779**	198,928
Loans and leases:		
Residential real estate	**3,673,831**	3,919,678
Consumer	**2,234,134**	2,058,584
Commercial real estate	**1,371,841**	1,073,472
Commercial business	**410,422**	351,353
Leasing and equipment finance	**856,471**	492,656
Total loans and leases	**8,546,699**	7,895,743
Allowance for loan and lease losses	**(66,669)**	(55,755)
Net loans and leases	**8,480,030**	7,839,988
Goodwill	**153,239**	158,468
Deposit base intangibles	**11,183**	13,262
Other assets	**395,277**	351,993
	$11,197,462	$10,661,716
Liabilities and Stockholders' Equity		
Deposits:		
Checking	**$ 2,203,943**	$ 1,913,279
Passbook and statement	**1,045,388**	1,091,292
Money market	**836,888**	708,417
Certificates	**2,805,605**	2,871,847
Total deposits	**6,891,824**	6,584,835
Securities sold under repurchase agreements and federal funds purchased	**1,085,320**	1,010,000
Federal Home Loan Bank advances	**1,891,037**	1,759,787
Discounted lease rentals	**165,763**	178,369
Other borrowings	**42,125**	135,732
Total borrowings	**3,184,245**	3,083,888
Accrued interest payable	**37,055**	40,352
Accrued expenses and other liabilities	**174,118**	143,659
Total liabilities	**10,287,242**	9,852,734
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; 92,755,659 and 92,804,205 shares issued	**928**	928
Additional paid-in capital	**508,682**	500,797
Retained earnings, subject to certain restrictions	**835,605**	715,461
Accumulated other comprehensive loss	**(9,868)**	(47,382)
Treasury stock at cost, 12,466,626 and 10,863,017 shares, and other	**(425,127)**	(360,822)
Total stockholders' equity	**910,220**	808,982
	$11,197,462	$10,661,716

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per-share data)	Year Ended December 31, 2000	1999	1998
Interest income:			
Loans and leases	**$700,325**	$618,291	$631,342
Securities available for sale	**99,185**	111,032	93,124
Loans held for sale	**17,130**	13,367	14,072
Investments	**10,041**	9,411	10,356
Total interest income	**826,681**	752,101	748,894
Interest expense:			
Deposits	**197,094**	175,495	212,492
Borrowings	**191,051**	152,393	110,668
Total interest expense	**388,145**	327,888	323,160
Net interest income	**438,536**	424,213	425,734
Provision for credit losses	**14,772**	16,923	23,280
Net interest income after provision for credit losses	**423,764**	407,290	402,454
Non-interest income:			
Fees and service charges	**179,563**	151,972	127,952
Electronic funds transfer revenues	**78,101**	67,144	50,556
Leasing	**38,442**	28,505	31,344
Investments and insurance	**12,266**	14,849	13,926
Gain on sales of loans held for sale	**4,012**	4,747	7,575
Other	**16,405**	12,009	11,156
Fees and other revenues	**328,789**	279,226	242,509
Gain on sales of securities available for sale	**–**	3,194	2,246
Gain on sales of loan servicing	**–**	3,076	2,414
Gain on sales of branches	**12,813**	12,160	18,585
Gain on sale of subsidiaries	**–**	5,522	–
Gain on sale of joint venture interest	**–**	–	5,580
Title insurance revenues	**–**	15,421	20,161
Other non-interest income	**12,813**	39,373	48,986
Total non-interest income	**341,602**	318,599	291,495
Non-interest expense:			
Compensation and employee benefits	**239,544**	239,053	217,401
Occupancy and equipment	**74,938**	73,613	71,323
Advertising and promotions	**19,181**	16,981	19,544
Amortization of goodwill and other intangibles	**10,001**	10,689	11,399
Other	**118,864**	112,462	109,033
Total non-interest expense	**462,528**	452,798	428,700
Income before income tax expense	**302,838**	273,091	265,249
Income tax expense	**116,593**	107,052	109,070
Net income	**$186,245**	$166,039	$156,179
Net income per common share:			
Basic	**$ 2.37**	$ 2.01	$ 1.77
Diluted	**$ 2.35**	$ 2.00	$ 1.76
Dividends declared per common share	**$ .825**	$ .725	$ .6125

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, 1997	92,821,529	$ 928	$ 460,684	$ 508,969	$ 8,556	$ (25,457)	$ 953,680
Comprehensive income:							
Net income	–	–	–	156,179	–	–	156,179
Other comprehensive loss	–	–	–	–	(965)	–	(965)
Comprehensive income	–	–	–	156,179	(965)	–	155,214
Dividends on common stock	–	–	–	(54,971)	–	–	(54,971)
Purchase of 7,549,300 shares to be held in treasury	–	–	–	–	–	(210,939)	(210,939)
Issuance of 108,200 shares, of which 61,000 shares were from treasury	47,200	1	2,518	–	–	(2,882)	(363)
Cancellation of shares	(18,170)	–	(375)	–	–	192	(183)
Amortization of deferred compensation	–	–	–	–	–	5,863	5,863
Exercise of stock options, of which 145,183 shares were from treasury	61,687	–	(1,033)	–	–	4,345	3,312
Shares held in trust for deferred compensation plans	–	–	45,740	–	–	(45,740)	–
Loan to Executive Deferred Compensation Plan, net of payments	–	–	–	–	–	(6,111)	(6,111)
Balance, December 31, 1998	92,912,246	929	507,534	610,177	7,591	(280,729)	845,502
Comprehensive income:							
Net income	–	–	–	166,039	–	–	166,039
Other comprehensive loss	–	–	–	–	(54,973)	–	(54,973)
Comprehensive income	–	–	–	166,039	(54,973)	–	111,066
Dividends on common stock	–	–	–	(60,755)	–	–	(60,755)
Purchase of 4,091,611 shares to be held in treasury	–	–	–	–	–	(106,106)	(106,106)
Issuance of 21,050 shares from treasury	–	–	(30)	–	–	(30)	(60)
Cancellation of shares	(108,041)	(1)	(2,569)	–	–	392	(2,178)
Amortization of deferred compensation	–	–	–	–	–	9,543	9,543
Exercise of stock options, 550,661 shares from treasury	–	–	(4,464)	–	–	15,044	10,580
Shares held in trust for deferred compensation plans	–	–	326	–	–	(326)	–
Loan payments by Executive Deferred Compensation Plan	–	–	–	–	–	1,390	1,390
Balance, December 31, 1999	92,804,205	928	500,797	715,461	(47,382)	(360,822)	808,982
Comprehensive income:							
Net income	–	–	–	186,245	–	–	186,245
Other comprehensive income	–	–	–	–	37,514	–	37,514
Comprehensive income	–	–	–	186,245	37,514	–	223,759
Dividends on common stock	–	–	–	(66,101)	–	–	(66,101)
Issuance of 37,259 shares from treasury to effect purchase acquisition	–	–	417	–	–	963	1,380
Purchase of 3,243,800 shares to be held in treasury	–	–	–	–	–	(73,824)	(73,824)
Issuance of 1,319,896 shares from treasury	–	–	(7,716)	–	–	7,716	–
Cancellation of shares	(48,546)	–	(1,262)	–	–	386	(876)
Amortization of deferred compensation	–	–	–	–	–	9,375	9,375
Exercise of stock options, 283,036 shares from treasury	–	–	(81)	–	–	7,337	7,256
Issuance of stock options	–	–	1	–	–	–	1
Shares held in trust for deferred compensation plans	–	–	15,842	–	–	(15,842)	–
Purchase of TCF stock to fund the 401(k) plan, net	–	–	684	–	–	–	684
Loan to Executive Deferred Compensation Plan, net of payments	–	–	–	–	–	(416)	(416)
Balance, December 31, 2000	**92,755,659**	**$928**	**$508,682**	**$835,605**	**$(9,868)**	**$(425,127)**	**$910,220**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2000	1999	1998
Cash flows from operating activities:			
Net income	**$ 186,245**	$ 166,039	$ 156,179
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**30,369**	29,031	27,914
Amortization of goodwill and other intangibles	**10,001**	10,689	11,399
Provision for credit losses	**14,772**	16,923	23,280
Proceeds from sales of loans held for sale	**611,123**	586,859	577,808
Principal collected on loans held for sale	**9,885**	10,144	9,083
Originations and purchases of loans held for sale	**(649,750)**	(457,515)	(603,567)
Net (increase) decrease in other assets and liabilities, and accrued interest	**(1,854)**	47,088	14,339
Gains on sales of assets	**(12,813)**	(23,952)	(28,825)
Other, net	**4,125**	14,988	8,395
Total adjustments	**15,858**	234,255	39,826
Net cash provided by operating activities	**202,103**	400,294	196,005
Cash flows from investing activities:			
Principal collected on loans and leases	**2,162,839**	2,315,173	3,111,218
Originations and purchases of loans	**(2,320,239)**	(3,069,408)	(3,119,924)
Purchases of equipment for lease financing	**(579,595)**	(289,156)	(186,009)
Proceeds from sales of loans	**—**	–	20,330
Net (increase) decrease in interest-bearing deposits with banks	**19,987**	95,575	(95,322)
Proceeds from sales of securities available for sale	**—**	288,718	231,438
Proceeds from maturities of and principal collected on securities available for sale	**176,905**	577,844	606,603
Purchases of securities available for sale	**(314)**	(791,995)	(967,585)
Net (increase) decrease in federal funds sold	**—**	41,000	(41,000)
Sales of deposits, net of cash paid	**(82,097)**	(104,404)	(213,159)
Other, net	**(53,000)**	7,723	(19,956)
Net cash used by investing activities	**(675,514)**	(928,930)	(673,366)
Cash flows from financing activities:			
Net increase (decrease) in deposits	**402,731**	(13,649)	41,816
Net increase in securities sold under repurchase agreements and federal funds purchased	**75,320**	642,720	254,836
Proceeds from borrowings	**5,443,008**	4,679,462	3,502,311
Payments on borrowings	**(5,331,961)**	(4,598,365)	(2,911,853)
Purchases of common stock to be held in treasury	**(73,824)**	(106,106)	(210,939)
Payments of dividends on common stock	**(66,101)**	(60,755)	(54,971)
Other, net	**(13,017)**	(5,886)	(20,372)
Net cash provided by financing activities	**436,156**	537,421	600,828
Net increase (decrease) in cash and due from banks	**(37,255)**	8,785	123,467
Cash and due from banks at beginning of year	**429,262**	420,477	297,010
Cash and due from banks at end of year	**$ 392,007**	$ 429,262	$ 420,477
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest on deposits and borrowings	**$ 377,430**	$ 302,268	$ 306,299
Income taxes	**$ 89,852**	$ 78,125	$ 105,207
Transfer of loans to other real estate owned and other assets	**$ 16,580**	$ 32,074	$ 36,750

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 and lease financing through its wholly owned subsidiaries, TCF National Bank and TCF National Bank Colorado ("TCF Colorado"). 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. 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.

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 securities available for sale. The following table summarizes the components of other comprehensive income (loss):

(In thousands)	Year Ended December 31, 2000	1999	1998
Unrealized holding gains (losses) on securities available for sale (net of tax expense (benefit) of $22,212, ($31,532) and $206, respectively)	**$37,514**	$(52,971)	$ 236
Reclassification adjustment for gains included in net income (net of tax expense of $1,192 and $1,045 in 1999 and 1998, respectively)	**—**	(2,002)	(1,201)
Total other comprehensive income (loss), net of tax	**$37,514**	$(54,973)	$ (965)

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.

Loans Held for Sale — Loans held for sale are carried at the lower of cost or market determined on an aggregate basis, including related forward mortgage loan sales commitments. Cost of loans sold is determined on a specific identification basis and gains or losses on sales of loans held for sale are recognized at settlement dates. 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.

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. Net fees and costs associated with loan commitments are deferred in other assets or other liabilities until the loan is advanced. 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.

Lease financings include direct financing and sales-type leases as well as leveraged 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, which represents the estimated fair value of the leased equipment at the termination of the lease. Lease residual values are reviewed on an ongoing basis and any downward revisions are recorded in the periods in which they become known. Interest income on direct financing and sales-type leases is recognized using methods which approximate a level yield over the term of the leases. 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 investment in leveraged leases is the sum of all lease payments (less nonrecourse debt payments) plus estimated residual values, less unearned

income. 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.

Impaired loans include all non-accrual and restructured commercial real estate and commercial business loans and equipment financings. Consumer and residential real estate loans and lease financings are excluded from the definition of an impaired loan. Loan impairment is measured as the present value of expected future cash flows discounted at the loan's initial effective interest rate or the fair value of the collateral for collateral-dependent loans.

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 non-performing assets, historical net charge-off amounts, geographic location, prevailing economic conditions and other relevant factors. Residential loans, consumer loans, and smaller-balance commercial loans and lease and equipment financings 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.

Interest income is accrued on loan and lease balances outstanding. 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 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, unless collection of all principal and interest is considered to be assured, 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.

Cost of loans sold is determined on a specific identification basis and gains or losses on sales of loans are recognized at trade dates.

Premises and Equipment — Premises and equipment are carried at cost and are depreciated or amortized on a straight-line basis over their estimated useful lives.

Other Real Estate Owned — Other real estate owned is recorded at the lower of cost or fair value minus estimated costs to sell at the date of transfer to other real estate owned. If the fair value of an asset minus the estimated costs to sell should 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.

Mortgage Servicing Rights — Mortgage servicing rights are capitalized and 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. Any impairment is recognized through a valuation allowance.

Intangible Assets — Goodwill resulting from acquisitions is amortized over 20 to 25 years on a straight-line basis. 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.

Derivative Financial Instruments — TCF utilizes derivative financial instruments in the course of asset and liability management to meet the ongoing credit needs of its customers and in order 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 Note 14 for additional information concerning these derivative financial instruments.

Advertising and Promotions — Expenditures for advertising and promotions are expensed as incurred.

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.

Earnings Per Common Share — The following table reconciles the weighted average shares outstanding and the income applicable to common shareholders used for basic and diluted earnings per share:

(Dollars in thousands, except per-share data)	Year Ended December 31, 2000	1999	1998
Weighted average number of common shares outstanding used in basic earnings per common share calculation	**78,648,765**	82,445,288	88,092,895
Net dilutive effect of:			
Stock option plans	**113,338**	172,486	346,434
Restricted stock plans	**626,572**	452,944	476,486
Weighted average number of shares outstanding adjusted for effect of dilutive securities	**79,388,675**	83,070,718	88,915,815
Net income	**$ 186,245**	$ 166,039	$ 156,179
Basic earnings per common share	**$ 2.37**	$ 2.01	$ 1.77
Diluted earnings per common share	**$ 2.35**	$ 2.00	$ 1.76

2 > CASH AND DUE FROM BANKS

At December 31, 2000, TCF was required by Federal Reserve Board ("FRB") regulations to maintain reserve balances of $17.7 million in cash on hand or at various Federal Reserve Banks.

3 > INVESTMENTS

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

(In thousands)	At December 31, 2000	1999
Interest-bearing deposits with banks	**$ 332**	$ 20,319
Federal Home Loan Bank stock, at cost	**110,441**	104,611
Federal Reserve Bank stock, at cost	**23,286**	23,224
	$134,059	$148,154

The carrying value and yield of investments at December 31, 2000, by contractual maturity, are shown below:

(Dollars in thousands)	Carrying Value [1]	Yield
Due in one year or less	$ 332	6.17%
No stated maturity [2]	133,727	7.44
	$134,059	7.44

[1] Carrying value is equal to fair value.

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

4 > SECURITIES AVAILABLE FOR SALE

Securities available for sale consist of the following:

	At December 31,							
	2000				1999			
(Dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and other marketable securities	**$ 550**	**$ –**	**$ –**	**$ 550**	$ 500	$ –	$ –	$ 500
Mortgage-backed securities:								
FHLMC	**830,516**	**1,234**	**(11,738)**	**820,012**	928,034	326	(47,491)	880,869
FNMA	**527,288**	**1,195**	**(5,392)**	**523,091**	589,206	378	(27,633)	561,951
GNMA	**22,392**	**230**	**(105)**	**22,517**	26,850	179	(174)	26,855
Private issuer	**38,328**	**112**	**(1,159)**	**37,281**	51,796	139	(1,073)	50,862
Collateralized mortgage obligations	**437**	**–**	**–**	**437**	624	–	–	624
	$1,419,511	**$2,771**	**$(18,394)**	**$1,403,888**	$1,597,010	$1,022	$(76,371)	$1,521,661
Weighted-average yield	**6.63%**				6.58%			

The carrying value and yield of U.S. Government and other marketable securities at December 31, 2000, by contractual maturity, are shown below:

(Dollars in thousands)	Carrying Value[1]	Yield
2004	$500	7.00%
2005	50	6.60
	$550	6.96

[1] Carrying value is equal to fair value.

Gross gains of $4.7 million and $2.3 million and gross losses of $1.5 million and $57,000 were recognized on sales of securities available for sale during 1999 and 1998, respectively. There were no sales of securities available for sale in 2000.

Mortgage-backed securities aggregating $5.3 million were pledged as collateral to secure certain deposits at December 31, 2000. In addition, mortgage-backed securities aggregating $1.1 billion were pledged as collateral to secure certain borrowings. See Note 10 of Notes to Consolidated Financial Statements for additional information regarding securities pledged as collateral to secure certain borrowings.

5 > LOANS HELD FOR SALE

Loans held for sale consist of the following:

	At December 31,	
(In thousands)	**2000**	1999
Residential real estate	**$ 74,545**	$ 55,016
Education	**153,234**	143,912
	$227,779	$198,928

6 > LOANS AND LEASES

Loans and leases consist of the following:

	At December 31,	
(In thousands)	**2000**	1999
Residential real estate	**$3,666,765**	$3,911,184
Unearned premiums and deferred loan fees	**7,066**	8,494
	3,673,831	3,919,678
Consumer:		
Home equity	**2,168,827**	1,974,924
Automobile	**38,138**	55,271
Loans secured by deposits	**6,881**	6,859
Other secured	**11,900**	11,148
Unsecured	**25,175**	26,634
Unearned discounts and deferred loan fees	**(16,787)**	(16,252)
	2,234,134	2,058,584
Commercial real estate:		
Apartments	**324,666**	276,045
Other permanent	**871,614**	637,980
Construction and development	**178,372**	162,570
Unearned discounts and deferred loan fees	**(2,811)**	(3,123)
	1,371,841	1,073,472
Commercial business	**409,915**	350,816
Deferred loan costs	**507**	537
	410,422	351,353
Leasing and equipment finance:		
Loans:		
Equipment finance loans	**204,351**	43,647
Deferred loan costs	**2,708**	513
	207,059	44,160
Lease financings:		
Direct financing leases	**658,678**	446,351
Sales-type leases	**37,645**	30,387
Lease residuals	**30,426**	24,384
Unearned income and deferred lease costs	**(94,506)**	(52,626)
Investment in leveraged leases	**17,169**	–
	649,412	448,496
	856,471	492,656
	$8,546,699	$7,895,743

At December 31, 2000 and 1999, the recorded investment in loans that were considered to be impaired was $6.1 million and $4.5 million, respectively. The related allowance for loan losses at those dates was $1.2 million and $1 million, respectively. All of the impaired loans were on non-accrual status. The average recorded investment in impaired loans during the year ended December 31, 2000 and 1999 was $4.3 million and $8.1 million, respectively. For the year ended December 31, 2000 and 1999, TCF recognized interest income on impaired loans of $40,000 and $519,000, all of which was recognized using the cash basis method of income recognition.

At December 31, 2000, 1999 and 1998, loans and leases on non-accrual status totaled $35.2 million, $24.1 million and $33.7 million, respectively. Had the loans and leases performed in accordance with their original terms throughout 2000, TCF would have recorded gross interest income of $3.9 million for these loans and leases. Interest income of $1.6 million has been recorded on these loans and leases for the year ended December 31, 2000.

At December 31, 2000 and 1999, TCF had no loans and leases 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, 2000.

The aggregate amount of loans to directors and executive officers of TCF was not significant at December 31, 2000 or 1999. All loans to TCF's directors and executive officers 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, and in the opinion of management do not represent more than a normal credit risk of collection.

During 2000, TCF purchased the equity interest in a leveraged lease transaction for an aircraft. 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 general obligation for principal and interest on notes representing third-party participation related to the leveraged lease; such notes are recorded as an offset against the related rental receivable. As the equity owner in the leveraged lease, TCF is taxed on total lease payments received and is entitled to tax deductions based on the cost of the leased asset and tax deductions for interest paid to third-party participants. The leveraged lease has renewal and purchase options by the lessee at the end of the 9.75 year lease term.

At December 31, 2000, TCF's net investment in leveraged leases is comprised of the following:

(In thousands)	
Rental receivable (net of principal and interest on non-recourse debt)	$ 11,066
Estimated residual value of leased assets	18,056
Less: Unearned income	(11,953)
Investment in leveraged leases	17,169
Less: Deferred taxes	(1,929)
Net investment in leveraged leases	$ 15,240

Future minimum lease payments for direct financing and sales-type leases as of December 31, 2000 are as follows:

(In thousands)	Payments to be Received by TCF	Payments to be Received by Other Financial Institutions	Total
2001	$152,336	$ 94,295	$246,631
2002	114,248	52,826	167,074
2003	81,935	22,607	104,542
2004	56,556	10,646	67,202
2005	37,917	1,397	39,314
Thereafter	25,585	527	26,112
	$468,577	$182,298	$650,875

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)	**2000**	1999	1998
Balance at beginning of year	**$55,755**	$ 80,013	$ 82,583
Transfers to loans held for sale	**–**	(14,793)	–
Provision for credit losses	**14,772**	16,923	23,280
Charge-offs	**(9,701)**	(34,398)	(32,714)
Recoveries	**5,843**	8,010	6,864
Net charge-offs	**(3,858)**	(26,388)	(25,850)
Balance at end of year	**$66,669**	$ 55,755	$ 80,013
Ratio of net loan and lease charge-offs to average loans and leases outstanding	**.05%**	.35%	.36%
Allowance for loan and lease losses as a percentage of total loan and lease balances at year end	**.78**	.71	1.12

8 > OTHER ASSETS

Other assets consist of the following:

	At December 31,	
(In thousands)	**2000**	1999
Premises and equipment	**$197,525**	$176,108
Accrued interest receivable	**63,128**	54,550
Mortgage servicing rights	**40,086**	22,614
Other real estate owned	**10,869**	10,912
Other	**83,669**	87,809
	$395,277	$351,993

Premises and equipment are summarized as follows:

	At December 31,	
(In thousands)	**2000**	1999
Land	**$ 42,088**	$ 35,590
Office buildings	**134,034**	127,622
Leasehold improvements	**33,778**	32,709
Furniture and equipment	**174,232**	158,368
	384,132	354,289
Less accumulated depreciation and amortization	**186,607**	178,181
	$197,525	$176,108

TCF leases certain premises and equipment under operating leases. Net lease expense was $20.3 million, $19.6 million and $19.6 million in 2000, 1999 and 1998, respectively.

At December 31, 2000, the total annual minimum lease commitments for operating leases were as follows:

(In thousands)	
2001	$ 17,282
2002	15,221
2003	14,800
2004	13,967
2005	11,521
Thereafter	60,256
	$133,047

Mortgage servicing rights, net of valuation allowance, are summarized as follows:

	Year Ended December 31,		
(In thousands)	**2000**	1999	1998
Balance at beginning of year, net	**$22,614**	$21,566	$19,512
Mortgage servicing rights capitalized	**8,992**	6,991	8,966
Purchased mortgage servicing rights	**13,806**	–	–
Amortization	**(5,326)**	(4,737)	(5,268)
Sales of servicing	**–**	(1,037)	(97)
Valuation adjustments	**–**	(169)	(1,547)
Balance at end of year, net	**$40,086**	$22,614	$21,566

The valuation allowance for mortgage servicing rights is summarized as follows:

(In thousands)	Year Ended December 31, 2000	1999	1998
Balance at beginning of year	**$946**	$ 2,738	$1,594
Provisions	**–**	169	1,547
Charge-offs	**–**	(1,961)	(403)
Balance at end of year	**$946**	$ 946	$2,738

At December 31, 2000, 1999 and 1998, TCF was servicing real estate loans for others with aggregate unpaid principal balances of approximately $4 billion, $2.9 billion and $3.7 billion, respectively. During 2000, TCF purchased the bulk servicing rights on $933 million of residential mortgage loans at a cost of $13.8 million. During 1999 and 1998, TCF sold servicing rights on $344.6 million and $200.4 million of loans serviced for others at net gains of $3.1 million and $2.4 million, respectively. No servicing rights were sold during 2000.

9 > DEPOSITS

Deposits are summarized as follows:

	At December 31, 2000			1999		
(Dollars in thousands)	**Weighted-Average Rate**	**Amount**	**% of Total**	Weighted-Average Rate	Amount	% of Total
Checking:						
Non-interest bearing	**–%**	**$1,430,102**	**20.8%**	–%	$1,185,330	18.0%
Interest bearing	**.58**	**773,841**	**11.2**	.55	727,949	11.0
	.21	**2,203,943**	**32.0**	.21	1,913,279	29.0
Passbook and statement:						
Non-interest bearing	**–**	**71,957**	**1.1**	–	42,838	.7
Interest bearing	**1.13**	**973,431**	**14.1**	1.12	1,048,454	15.9
	1.05	**1,045,388**	**15.2**	1.08	1,091,292	16.6
Money market	**3.83**	**836,888**	**12.1**	2.67	708,417	10.8
	1.17	**4,086,219**	**59.3**	.93	3,712,988	56.4
Certificates	**5.96**	**2,805,605**	**40.7**	5.00	2,871,847	43.6
	3.12	**$6,891,824**	**100.0%**	2.71	$6,584,835	100.0%

Certificates had the following remaining maturities at December 31, 2000:

(In thousands) Maturity	$100,000 Minimum	Other	Total[1]
0-3 months	$302,188	$ 672,717	$ 974,905
4-6 months	65,496	629,364	694,860
7-12 months	74,890	629,910	704,800
13-24 months	37,242	270,631	307,873
25-36 months	9,189	85,333	94,522
37-48 months	1,755	16,881	18,636
49-60 months	232	7,013	7,245
Over 60 months	–	2,764	2,764
	$490,992	$2,314,613	$2,805,605

[1] Includes $235.7 million of negotiated rate certificates and no brokered deposits.

10 > BORROWINGS

Borrowings consist of the following:

		At December 31, 2000		1999	
(Dollars in thousands)	Year of Maturity	**Amount**	**Weighted-Average Rate**	Amount	Weighted-Average Rate
Federal funds purchased	2001	**$ 91,000**	**6.49%**	$ –	–%
Securities sold under repurchase agreements	2000	**–**	**–**	960,000	5.75
	2001	**794,320**	**6.61**	50,000	5.71
	2005	**200,000**	**6.27**	–	–
		994,320	**6.54**	1,010,000	5.74
Federal Home Loan Bank advances	2000	**–**	**–**	499,716	6.00
	2001	**481,537**	**5.89**	181,571	5.79
	2003	**135,000**	**5.76**	50,000	5.78
	2004	**803,000**	**5.69**	903,000	5.55
	2005	**246,000**	**6.02**	–	–
	2006	**3,000**	**5.48**	3,000	5.46
	2009	**122,500**	**5.25**	122,500	5.24
	2010	**100,000**	**6.02**	–	–
		1,891,037	**5.78**	1,759,787	5.69
Discounted lease rentals	2000	**–**	**–**	83,785	8.43
	2001	**84,529**	**8.81**	57,285	8.50
	2002	**48,369**	**8.96**	23,284	8.67
	2003	**20,897**	**9.10**	8,816	8.84
	2004	**10,114**	**9.22**	5,199	8.92
	2005	**1,355**	**9.15**	–	–
	2006	**390**	**8.25**	–	–
	2007	**109**	**8.36**	–	–
		165,763	**8.92**	178,369	8.52
Other borrowings:					
Senior subordinated debentures	2003	**28,750**	**9.50**	28,750	9.50
Bank line of credit	2000	**–**	**–**	42,000	6.92
Commercial paper	2000	**–**	**–**	22,357	6.21
Treasury, tax and loan note	2000	**–**	**–**	42,625	4.53
	2001	**13,375**	**5.73**	–	–
		42,125	**8.30**	135,732	6.60
		$3,184,245	**6.23**	$3,083,888	5.91

At December 31, 2000, borrowings with a remaining contractual maturity of one year or less consisted of the following:

(Dollars in thousands)	Amount	Weighted-Average Rate
Federal funds purchased	$ 91,000	6.49%
Securities sold under repurchase agreements	794,320	6.61
Federal Home Loan Bank advances	481,537	5.89
Discounted lease rentals	84,529	8.81
Treasury, tax and loan note	13,375	5.73
	$1,464,761	6.48

The securities underlying the repurchase agreements are book entry securities. During the 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, 2000, all of the securities sold under repurchase agreements provided for the repurchase of identical securities.

At December 31, 2000, securities sold under repurchase agreements were collateralized by mortgage-backed securities and had the following maturities:

(Dollars in thousands)	Repurchase Borrowing		Collateral Securities	
	Amount	Interest Rate	Carrying Amount	Market Value
Maturity:				
2001	$794,320	6.61%	$ 846,172	$ 836,278
2005	200,000	6.27	219,359	216,307
	$994,320	6.54	$1,065,531	$1,052,585

Included in FHLB advances at December 31, 2000 are $1.5 billion of fixed-rate advances which are callable at par on certain dates. If called, the FHLB will provide replacement funding at the then-prevailing market interest rates. Due to changes in interest rates since the long-term FHLB advances were obtained, the market rates exceeded the contract rates on $53 million of the long-term FHLB advances with call dates within one year. The probability that these advances will be called depends primarily on the level of related interest rates during the call period. The stated maturity dates and the next call dates for the callable FHLB advances outstanding at December 31, 2000 were as follows (in thousands):

Year	Stated Maturity	Weighted-Average Rate	Next Call Date	Weighted-Average Rate
2001	$ 100,000	4.60%	$ 788,000	5.58%
2002	–	–	454,500	5.81
2003	85,000	5.74	100,000	6.02
2004	803,000	5.69	117,000	5.28
2005	246,000	6.02	–	–
2006	3,000	5.48	–	–
2009	122,500	5.25	–	–
2010	100,000	6.02	–	–
	$1,459,500	5.66	$1,459,500	5.66

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

The $28.8 million of senior subordinated debentures mature in July 2003. These debentures will be redeemable at par plus accrued interest to the date of redemption beginning July 1, 2001. TCF intends to exercise its right of redemption on the debentures in 2001.

TCF has a $135 million bank line of credit expiring in April 2001 which is unsecured and contains certain covenants common to such agreements with which TCF is in compliance. 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, including serving as a back-up line of credit to support the redemption of TCF's commercial paper.

TCF has a $50 million commercial paper program which is unsecured and contains certain covenants common to such programs with which TCF is in compliance. Any usage under the commercial paper program requires an equal amount of back-up support by the bank line of credit. Commercial paper generally matures within 90 days, although it may have a term of up to 270 days.

FHLB advances are collateralized by residential real estate loans and FHLB stock with an aggregate carrying value of $2.5 billion at December 31, 2000.

The following table sets forth TCF's maximum and average borrowing levels for each of the years in the three-year period ended December 31, 2000:

(Dollars in thousands)	Securities Sold Under Repurchase Agreements and Federal Funds Purchased	FHLB Advances	Discounted Lease Rentals	Other Borrowings
Year ended December 31, 2000:				
Average balance	**$ 925,004**	**$1,888,892**	**$163,758**	**$121,048**
Maximum month-end balance	**1,151,913**	**2,016,040**	**172,348**	**296,750**
Average rate for period	**6.34%**	**5.79%**	**8.55%**	**7.44%**
Year ended December 31, 1999:				
Average balance	$ 529,359	$ 1,821,172	$ 171,997	$ 151,430
Maximum month-end balance	1,010,000	1,997,346	182,456	367,177
Average rate for period	5.40%	5.52%	8.04%	6.27%
Year ended December 31, 1998:				
Average balance	$ 140,414	$ 1,367,104	$ 205,393	$ 92,467
Maximum month-end balance	367,280	1,804,208	222,018	214,087
Average rate for period	5.60%	5.80%	8.15%	7.38%

11 > *INCOME TAXES*

Income tax expense (benefit) consists of:

(In thousands)	Current	Deferred	Total
Year ended December 31, 2000:			
Federal	**$88,746**	**$18,862**	**$107,608**
State	**6,457**	**2,528**	**8,985**
	$95,203	**$21,390**	**$116,593**
Year ended December 31, 1999:			
Federal	$ 91,647	$ 2,981	$ 94,628
State	11,747	677	12,424
	$ 103,394	$ 3,658	$ 107,052
Year ended December 31, 1998:			
Federal	$ 91,102	$ (994)	$ 90,108
State	19,325	(363)	18,962
	$ 110,427	$ (1,357)	$ 109,070

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, 2000	1999	1998
Computed income tax expense	**$105,993**	$ 95,582	$ 92,837
Increase in income tax expense resulting from:			
Amortization of goodwill	**2,544**	2,724	3,741
State income tax, net of federal income tax benefit	**5,840**	8,076	12,325
Other, net	**2,216**	670	167
	$116,593	$107,052	$109,070

The tax benefit recorded in additional paid-in capital for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes totaled $1.5 million, $4.1 million and $2.4 million for the years ended December 31, 2000, 1999 and, 1998, respectively.

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

(In thousands)	At December 31, 2000	1999
Deferred tax assets:		
Securities available for sale	**$ 5,755**	$27,967
Allowance for loan and lease losses	**20,471**	15,437
Pension and other compensation plans	**15,710**	12,032
Total deferred tax assets	**41,936**	55,436
Deferred tax liabilities:		
Lease financing	**50,653**	27,292
Loan fees and discounts	**12,570**	9,738
Other, net	**7,124**	3,216
Total deferred tax liabilities	**70,347**	40,246
Net deferred tax assets (liabilities)	**$(28,411)**	$15,190

12 > STOCKHOLDERS' EQUITY

Restricted Retained Earnings — In general, TCF's subsidiary banks may not declare or pay a dividend to TCF in excess of 100% of their net profits for that year combined with their retained net profits for the preceding two calendar years without prior approval of the Office of the Comptroller of the Currency ("OCC"). Additional limitations on dividends declared or paid on, or repurchases of, TCF's subsidiary banks' capital stock are tied to the national banks' regulatory capital levels.

Undistributed earnings and profits at December 31, 2000 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. Payments or distributions of these appropriated earnings could invoke a tax liability for TCF based on the amount of earnings removed and current tax rates.

Shareholder Rights Plan — 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 $100. 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 1 cent per right at any time before they become exercisable. The rights will expire on June 9, 2009, if not previously redeemed or exercised.

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

(In thousands)	At December 31, 2000	1999
Treasury stock, at cost	**$(325,026)**	$(295,148)
Shares held in trust for deferred compensation plans, at cost	**(61,908)**	(46,066)
Unamortized deferred compensation	**(33,056)**	(14,887)
Loan to Executive Deferred Compensation Plan	**(5,137)**	(4,721)
	$(425,127)	$(360,822)

On January 19, 1998, the Board authorized the repurchase of up to 5% of TCF common stock, or 4.6 million shares. On June 22, 1998, the Board authorized the repurchase of up to an additional 5% of TCF common stock, or 4.5 million shares. On December 15, 1998, the Board authorized the repurchase of up to an additional 5% of TCF common stock, or 4.3 million shares. On March 8, 2000, the Board authorized the repurchase of up to an additional 5% of TCF common stock, or 4.1 million shares. TCF purchased 3,243,800, 4,091,611 and 7,549,300 shares of common stock during the years ended December 31, 2000, 1999 and 1998, respectively. At December 31, 2000, TCF has remaining authorization of 2.6 million shares under its March 8, 2000 5% stock repurchase program.

On June 22, 2000, the Company entered into an agreement with a third party that provides TCF with an option to purchase up to $50 million of TCF's common stock under a forward share repurchase contract. The forward transactions can be settled from time to time, at the Company's election, on a physical, net cash or net share basis. The final maturity date of the agreement is June 24, 2002. At December 31, 2000, there were no open forward purchases under this contract.

Shares Held in Trust for Deferred Compensation Plans — 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.

Loan to Executive Deferred Compensation Plan — During 1998 and 2000, loans totaling $6.4 million and $2 million, respectively, were made by TCF to the Executive Deferred Compensation Plan trustee on a nonrecourse basis to purchase shares of TCF common stock for the accounts of participants. The loans are repayable by the participants over five years and bear interest at 7.41% to 8.00% and are secured by the shares of TCF common stock purchased with the loan proceeds. These loans have a remaining principal balance of $5.1 million at December 31, 2000, which is reflected as a reduction of stockholders' equity as required by generally accepted accounting principles.

13 > 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. Under capital adequacy guidelines and the regulatory framework for "prompt corrective action," TCF must meet specific capital guidelines that involve quantitative measures of the Company's assets, stockholders' equity, and certain off-balance-sheet items as calculated under regulatory accounting practices.

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

	At December 31, 2000		1999	
(Dollars in thousands)	Amount	Percentage	Amount	Percentage
Tier 1 leverage capital	**$758,766**	**6.90%**	$688,357	6.56%
Tier 1 leverage capital requirement	**330,110**	**3.00**	314,582	3.00
Excess	**$428,656**	**3.90%**	$373,775	3.56%
Tier 1 risk-based capital	**$758,766**	**10.66%**	$688,357	10.22%
Tier 1 risk-based capital requirement	**284,827**	**4.00**	269,448	4.00
Excess	**$473,939**	**6.66%**	$418,909	6.22%
Total risk-based capital	**$825,527**	**11.59%**	$745,171	11.06%
Total risk-based capital requirement	**569,655**	**8.00**	538,897	8.00
Excess	**$255,872**	**3.59%**	$206,274	3.06%

At December 31, 2000, TCF and its bank subsidiaries 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.

14 > 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. For

Veterans Administration ("VA") loans serviced with partial recourse and forward mortgage loan sales commitments, the contract or notional amount exceeds TCF's exposure to credit loss. TCF controls the credit risk of forward mortgage loan sales commitments through credit approvals, credit limits and monitoring procedures.

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. These commitments totaled $1.1 billion and $1.2 billion at December 31, 2000 and 1999, respectively. 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 and personal property. Included in the total commitments to extend credit at December 31, 2000 were fixed-rate mortgage loan commitments and loans in process aggregating $27.5 million.

Standby Letters of Credit — Standby letters of credit are conditional commitments issued by TCF guaranteeing the performance of a customer to a third party. The standby letters of credit expire in various years through the year 2005 and totaled $28.8 million and $22 million at December 31, 2000 and 1999, respectively. Collateral held primarily consists of commercial real estate mortgages. Since the conditions under which TCF is required to fund standby letters of credit may not materialize, the cash requirements are expected to be less than the total outstanding commitments.

VA Loans Serviced with Partial Recourse — TCF services VA loans on which it 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. The serviced loans are collateralized by residential real estate and totaled $182.1 million and $184.5 million at December 31, 2000 and 1999, respectively.

Forward Mortgage Loan Sales Commitments — TCF enters into forward mortgage loan sales commitments in order to manage the market exposure on its residential loans held for sale and its commitments to extend credit for residential loans. Forward mortgage loan sales commitments are contracts for the delivery of mortgage loans or pools of loans in which TCF agrees to make delivery at a specified future date of a specified instrument, at a specified price or yield. Risks arise from the possible inability of the counterparties to meet the terms of their contracts and from movements in mortgage loan values and interest rates. Forward mortgage loan sales commitments totaled $121.7 million and $46.3 million at December 31, 2000 and 1999, respectively.

Federal Home Loan Bank Advances — Forward Settlements — TCF enters into forward settlements of FHLB advances in the course of asset and liability management and to manage interest rate risk. Forward settlements of FHLB advances totaled $300 million and $189 million at December 31, 2000 and 1999, respectively.

15 > *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 Held for Sale — The fair value of loans held for sale is estimated based on quoted market prices.

The estimated fair value of capitalized mortgage servicing rights totaled $49.8 million at December 31, 2000, compared with a carrying amount of $40.1 million. The estimated fair value of capitalized mortgage servicing rights is based on estimated cash flows discounted using rates commensurate with the risks involved. Assumptions regarding prepayments, defaults and interest rates are determined using available market information.

Loans — The fair values of residential and consumer loans are estimated using quoted market prices. 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, passbook and statement and money market deposits is deemed equal to the amount payable on demand. The fair value of certificates is estimated based on discounted cash flow analyses using interest rates offered by TCF for certificates with similar remaining maturities.

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 residential commitments to extend credit and forward mortgage loan sales commitments associated with residential loans held for sale are based upon quoted market prices. The fair values of TCF's remaining 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 values of forward settlements of FHLB advances are based on the difference between current levels of interest rates and the committed rates.

TCF has not incurred, and does not anticipate, significant losses as a result of the recourse provisions associated with its balance of VA loans serviced with partial recourse. As a result, the carrying amounts and related estimated fair values of these financial instruments were not material at December 31, 2000 and 1999.

As discussed above, the carrying amounts of certain of the Company's financial instruments approximate their fair value. The carrying amounts disclosed below are included in the Consolidated Statements of Financial Condition under the indicated captions, except where noted otherwise. The carrying amounts and fair values of the Company's remaining financial instruments are set forth in the following table:

	At December 31,			
	2000		1999	
(In thousands)	**Carrying Amount**	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
Financial instrument assets:				
Loans held for sale	**$ 227,779**	**$ 231,306**	$ 198,928	$ 200,617
Loans:				
Residential real estate	**3,673,831**	**3,712,568**	3,919,678	3,825,981
Commercial real estate	**1,371,841**	**1,381,222**	1,073,472	1,061,374
Commercial business	**410,422**	**410,003**	351,353	347,108
Consumer	**2,234,134**	**2,408,672**	2,058,584	2,116,554
Equipment finance loans	**207,059**	**210,434**	44,160	44,160
Allowance for loan losses [1]	**(60,816)**	**—**	(51,847)	–
	$8,064,250	**$8,354,205**	$7,594,328	$7,595,794
Financial instrument liabilities:				
Certificates	**$2,805,605**	**$2,836,340**	$2,871,847	$2,901,177
Securities sold under agreements to repurchase	**994,320**	**1,003,645**	1,010,000	1,010,000
Federal Home Loan Bank advances	**1,891,037**	**1,903,898**	1,759,787	1,733,859
Other borrowings	**42,125**	**41,694**	135,732	135,301
	$5,733,087	**$5,785,577**	$5,777,366	$5,780,337
Financial instruments with off-balance-sheet risk: [2]				
Commitments to extend credit [3]	**$ 12,045**	**$ (342)**	$ 8,572	$ (916)
Standby letters of credit [4]	**(2)**	**(2)**	(1)	(2)
Forward mortgage loan sales commitments [3]	**50**	**(1,151)**	39	427
Federal Home Loan Bank advance forward settlements	**—**	**(6,985)**	–	1,509
	$ 12,093	**$ (8,480)**	$ 8,610	$ 1,018

[1] Excludes the allowance for lease losses.

[2] Positive amounts represent assets, negative amounts represent liabilities.

[3] Carrying amounts are included in other assets.

[4] Carrying amounts are included in accrued expenses and other liabilities.

16 > *STOCK OPTION AND INCENTIVE PLAN*

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. Options 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. Restricted stock granted in 1998 generally vests within five years, but may be subject to a delayed vesting schedule if certain return on equity goals are not met. Restricted stock granted to certain executive officers in 2000 will vest only if certain earnings per share goals are achieved by 2008. 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 eight years. TCF also has prior programs with options that remain outstanding. Those options are included in the following tables.

Accounting for Stock-Based Compensation — Effective January 1, 2000, TCF adopted the recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," for stock-based transactions beginning in 2000. 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. The recognition provisions of SFAS No. 123 are applied prospectively upon adoption. 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. Accordingly, no compensation expense was recognized prior to 2000 for TCF's non-compensatory stock option grants.

TCF believes the fair value method of accounting more appropriately reflects the substance of the transaction between an entity that issues stock options, or other stock-based instruments, and its employees; that is, an entity has granted something of value to an employee generally in return for their continued employment and services. The fair value based method is designated as the preferred method of accounting by SFAS No. 123.

Compensation expense for restricted stock under SFAS No. 123 and APB Opinion No. 25 is recorded over the vesting periods, and totaled $9.4 million, $9.5 million and $5.9 million in 2000, 1999 and 1998, respectively.

Had compensation expense for all periods been determined based on the fair value at the grant dates for awards under the Program consistent with the method of SFAS No. 123, TCF's pro forma net income and earnings per common share would have been as follows for periods prior to TCF's adoption of SFAS No. 123:

	Year Ended December 31,	
(In thousands, except per-share data)	1999	1998
Net income:		
As reported	$166,039	$156,179
Pro forma	$164,607	$156,271
Basic earnings per common share:		
As reported	$ 2.01	$ 1.77
Pro forma	$ 2.00	$ 1.77
Diluted earnings per common share:		
As reported	$ 2.00	$ 1.76
Pro forma	$ 1.98	$ 1.76

The fair value of each option grant is estimated on the grant date using the Black-Scholes option pricing model, with the following weighted-average assumptions used for 1999 and 1998, respectively: risk-free interest rates of 5.03% and 4.78%; dividend yield of 2.7% and 2.6%; expected lives of 7 and 5.25 years; and volatility of 27.0% and 27.2%.

The weighted-average grant date fair value of options was $6.59, $7.02 and $6.49 in 2000, 1999 and 1998, respectively. The weighted-average grant date fair value of restricted stock was $24.60, $25.94 and $31.19 in 2000, 1999 and 1998, respectively.

The following table reflects TCF's stock option and restricted stock transactions under the Program since December 31, 1997:

	Stock Options			Restricted Stock	
		Exercise Price			
	Shares	Range	Weighted-Average	Shares	Price Range
Outstanding at December 31, 1997	837,045	$ 2.22-33.28	$ 9.61	1,948,928	$ 7.66-27.34
Granted	551,500	23.69-32.19	25.04	108,200	28.97-34.00
Exercised	(208,388)	2.44-17.54	4.69	–	–
Forfeited	(1,500)	32.19	32.19	(5,400)	16.56-34.00
Vested	–	–	–	(607,994)	7.66-21.91
Outstanding at December 31, 1998	1,178,657	2.22-33.28	17.67	1,443,734	7.66-34.00
Granted	247,550	23.56-29.03	25.25	21,050	22.53-28.59
Exercised	(551,107)	2.22-23.69	11.73	–	–
Forfeited	(112,000)	23.56-33.28	32.36	(11,760)	8.11-34.00
Vested	–	–	–	(331,889)	7.66-27.34
Outstanding at December 31, 1999	763,100	2.63-33.28	22.27	1,121,135	8.11-34.00
Granted	1,000	21.81	21.81	1,300,080	22.10-43.70
Exercised	(283,585)	2.63-28.88	20.25	–	–
Forfeited	(13,000)	23.56-32.19	28.32	(20,940)	20.88-34.00
Vested	–	–	–	(125,175)	8.11-28.59
Outstanding at December 31, 2000	**467,515**	**3.46-33.28**	**23.32**	**2,275,100**	**16.56-43.70**
Exercisable at December 31, 2000	**180,965**	**3.46-33.28**	**18.34**		

The following table summarizes information about stock options outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Shares	Weighted-Average Exercise Price
$3.46 to $10.00	49,885	$ 5.45	1.5	49,885	$ 5.45
$10.01 to $20.00	37,830	13.78	5.2	37,830	13.78
$20.01 to $30.00	285,300	24.98	8.1	65,050	24.85
$30.01 to $33.28	94,500	31.55	7.1	28,200	32.24
Total Options	467,515	23.32	7.0	180,965	18.34

At December 31, 2000, there were 3,211,391 shares reserved for issuance under the Program, including 467,515 shares for which options had been granted but had not yet been exercised.

17 > *EMPLOYEE BENEFIT PLANS*

The TCF Cash Balance Pension Plan (the "Pension Plan") is a qualified defined benefit plan covering all "regular stated salary" employees and certain part-time employees who are at least 21 years old and have completed a year of eligibility service with TCF. 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. Participants are fully vested after five years of qualifying service.

In addition to providing retirement income benefits, TCF provides health care benefits for eligible retired employees, and in some cases life insurance benefits (the "Postretirement Plan"). Substantially all full-time employees may become eligible for health care benefits if they reach retirement age and have completed ten years of service with the Company, with certain exceptions. Effective January 1, 2000, TCF modified the Postretirement Plan by eliminating the Company subsidy for employees not yet eligible for benefits under the Postretirement Plan. The plan provisions for full-time and retired employees eligible for these benefits were not changed. These and similar benefits for active employees are provided through insurance companies or through self-funded programs. The Postretirement Plan is an unfunded plan.

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

(In thousands)	Pension Plan Year Ended December 31, 2000	1999	Postretirement Plan Year Ended December 31, 2000	1999
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 30,728**	$ 28,967	**$ 9,721**	$ 9,214
Service cost – benefits earned during the year	**3,248**	3,297	**56**	426
Interest cost on benefit obligation	**2,431**	2,059	**523**	630
Amendments	**–**	–	**(2,481)**	–
Actuarial (gain) loss	**(1,942)**	(1,205)	**179**	69
Benefits paid	**(1,921)**	(2,390)	**(389)**	(618)
Benefit obligation at end of year	**32,544**	30,728	**7,609**	9,721
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	**74,867**	57,338	**–**	–
Actual return on plan assets	**14,118**	18,151	**–**	–
Benefits paid	**(1,921)**	(2,390)	**(389)**	(618)
Plan merger	**–**	1,768	**–**	–
Employer contributions	**–**	–	**389**	618
Fair value of plan assets at end of year	**87,064**	74,867	**–**	–
Funded status of plans:				
Funded status at end of year	**54,520**	44,139	**(7,609)**	(9,721)
Unrecognized transition obligation	**–**	–	**2,513**	4,433
Unrecognized prior service cost	**(2,926)**	(3,983)	**–**	770
Unrecognized net gain	**(32,808)**	(23,870)	**(797)**	(998)
Prepaid (accrued) benefit cost at end of year	**$ 18,786**	$ 16,286	**$(5,893)**	$(5,516)

Net periodic benefit cost (credit) included the following components:

(In thousands)	Pension Plan Year Ended December 31, 2000	1999	1998	Postretirement Plan Year Ended December 31, 2000	1999	1998
Service cost	**$ 3,248**	$ 3,297	$ 2,967	**$ 56**	$ 426	$ 299
Interest cost	**2,431**	2,059	1,454	**523**	630	641
Expected return on plan assets	**(6,207)**	(5,155)	(3,745)	**–**	–	–
Amortization of transition obligation	**–**	–	–	**209**	342	342
Amortization of prior service cost	**(1,057)**	(1,057)	(876)	**–**	109	109
Recognized actuarial gain	**(915)**	–	(728)	**(22)**	(12)	(58)
Net periodic benefit cost (credit)	**$(2,500)**	$ (856)	$ (928)	**$766**	$1,495	$1,333

The discount rate and rate of increase in future compensation used to measure the benefit obligation and the expected long-term rate of return on plan assets were as follows:

	Pension Plan Year Ended December 31, 2000	1999	1998	Postretirement Plan Year Ended December 31, 2000	1999	1998
Discount rate	**7.50%**	7.50%	6.75%	**7.50%**	7.50%	6.75%
Rate of increase in future compensation	**5.00**	5.00	5.00	**–**	–	–
Expected long-term rate of return on plan assets	**10.00**	10.00	9.50	**–**	–	–

The Pension Plan's assets consist primarily of listed stocks and government bonds. At December 31, 2000 and 1999, the Pension Plan's assets included TCF common stock with a market value of $11.3 million and $6.3 million, respectively.

For active participants of the Postretirement Plan, a 7.2% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2001. This rate is assumed to decrease gradually to 6% for the year 2005 and remain at that level thereafter. For most retired participants, the annual rate of increase is assumed to be 4% for all future years, which represents the Plan's annual limit on increases in TCF's contributions for retirees.

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	$ 14	$ (13)
Effect on postretirement benefit obligation	132	(119)

Employee Stock Purchase Plan – The TCF Employees Stock Purchase Plan generally allows participants to make contributions by salary deduction of up to 12% of their salary on a tax-deferred basis pursuant to section 401(k) of the Internal Revenue Code. TCF matches the contributions of all employees at the rate of 50 cents per dollar, with a maximum employer 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. The Company's matching contributions are expensed when made. TCF's contribution to the plan was $2.7 million, $2.8 million and $2.7 million in 2000, 1999 and 1998, respectively.

18 > BUSINESS SEGMENTS

Prior to April 1, 2000, TCF's wholly owned bank subsidiaries located in Minnesota, Illinois, Wisconsin and Michigan had been identified as reportable segments. In April 2000, TCF merged these four bank charters into one national bank charter headquartered in Minnesota.

Following the bank merger, certain management responsibilities were realigned within the organization. Management reporting was revised to reflect the charter merger and the resulting changes in responsibilities. 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 lease and equipment finance products addressing the financing needs of diverse companies. Mortgage banking activities include the origination and purchase of residential mortgage loans for portfolio loans and sales to third parties, generally with servicing retained. In addition, TCF operates a bank holding company ("parent company") that provides 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 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. Each segment is managed separately with its own president, who reports directly to TCF's chief operating decision maker.

The following table sets forth certain information about the reported profit or loss and assets for each of TCF's reportable segments, including reconciliation to TCF's consolidated totals. The results of TCF's parent company and other administrative areas comprise the "other" category in the table below. Prior period data has been restated to reflect the change in composition of TCF's operating segments.

(In thousands)	Banking	Leasing and Equipment Finance	Mortgage Banking	Other	Eliminations and Reclassifications	Consolidated
At or For the Year Ended December 31, 2000:						
Revenues from External Customers:						
Interest Income	**$ 751,103**	**$ 69,960**	**$ 5,192**	**$ 426**	**$ —**	**$ 826,681**
Non-Interest Income	**287,219**	**38,451**	**15,846**	**86**	**—**	**341,602**
Total	**$ 1,038,322**	**$108,411**	**$ 21,038**	**$ 512**	**$ —**	**$ 1,168,283**
Net Interest Income	**$ 397,887**	**$ 30,405**	**$ 5,609**	**$ (556)**	**$ 5,191**	**$ 438,536**
Provision for Credit Losses	**9,594**	**5,178**	**—**	**—**	**—**	**14,772**
Non-Interest Income	**287,219**	**38,451**	**25,497**	**90,640**	**(100,205)**	**341,602**
Amortization of Goodwill and Other Intangibles	**9,605**	**396**	**—**	**—**	**—**	**10,001**
Other Non-Interest Expense	**398,922**	**25,813**	**29,218**	**93,588**	**(95,014)**	**452,527**
Income Tax Expense	**102,722**	**14,420**	**717**	**(1,266)**	**—**	**116,593**
Net Income (Loss)	**$ 164,263**	**$ 23,049**	**$ 1,171**	**$ (2,238)**	**$ —**	**$ 186,245**
Total Assets	**$10,800,942**	**$876,540**	**$130,477**	**$112,309**	**$ (722,806)**	**$11,197,462**
At or For the Year Ended December 31, 1999:						
Revenues from External Customers:						
Interest Income	$ 699,451	$ 47,562	$ 4,668	$ 420	$ —	$ 752,101
Non-Interest Income	269,384	28,490	20,723	2	—	318,599
Total	$ 968,835	$ 76,052	$ 25,391	$ 422	$ —	$ 1,070,700
Net Interest Income	$ 398,264	$ 25,212	$ 6,029	$ (3,487)	$ (1,805)	$ 424,213
Provision for Credit Losses	15,065	1,858	—	—	—	16,923
Non-Interest Income	269,384	28,490	24,914	82,564	(86,753)	318,599
Amortization of Goodwill and Other Intangibles	10,296	393	—	—	—	10,689
Other Non-Interest Expense	394,303	19,062	32,571	84,731	(88,558)	442,109
Income Tax Expense	96,473	13,037	(491)	(1,967)	—	107,052
Net Income (Loss)	$ 151,511	$ 19,352	$ (1,137)	$ (3,687)	$ —	$ 166,039
Total Assets	$ 10,270,641	$ 524,702	$ 122,685	$ 56,188	$ (312,500)	$ 10,661,716
At or For the Year Ended December 31, 1998:						
Revenues from External Customers:						
Interest Income	$ 691,282	$ 48,861	$ 8,591	$ 160	$ —	$ 748,894
Non-Interest Income	228,486	31,340	31,640	29	—	291,495
Total	$ 919,768	$ 80,201	$ 40,231	$ 189	$ —	$ 1,040,389
Net Interest Income	$ 393,273	$ 26,833	$ 9,874	$ (1,759)	$ (2,487)	$ 425,734
Provision for Credit Losses	22,073	1,255	—	(48)	—	23,280
Non-Interest Income	228,561	31,340	37,184	70,783	(76,373)	291,495
Amortization of Goodwill and Other Intangibles	11,006	393	—	—	—	11,399
Other Non-Interest Expense	368,661	16,705	37,274	73,521	(78,860)	417,301
Income Tax Expense	90,470	16,166	3,941	(1,507)	—	109,070
Net Income (Loss)	$ 129,624	$ 23,654	$ 5,843	$ (2,942)	$ —	$ 156,179
Total Assets	$ 9,757,427	$ 417,094	$ 262,794	$ 54,485	$ (327,206)	$ 10,164,594

Revenues from external customers for TCF's operating units, comprised of total interest income and non-interest income, are as follows:

(In thousands)	Year Ended December 31, 2000	1999	1998
Deposits and investment products	**$ 272,785**	$ 232,603	$ 194,948
Commercial lending	**139,697**	108,817	99,383
Consumer lending	**239,916**	215,671	236,538
Residential lending and treasury services	**385,924**	411,744	388,899
Leasing and equipment finance	**108,411**	76,052	80,201
Mortgage banking	**21,038**	25,391	40,231
Other	**512**	422	189
	$1,168,283	$1,070,700	$1,040,389

19 > *OTHER EXPENSE*

Other expense consists of the following:

(In thousands)	Year Ended December 31, 2000	1999	1998
Deposit account losses	**$ 19,479**	$ 17,172	$ 14,335
Telecommunication	**13,345**	13,386	13,049
ATM interchange	**11,735**	11,156	9,107
Postage and courier	**11,442**	10,876	9,926
Office supplies	**9,216**	8,879	10,006
Loan and lease	**3,979**	5,469	6,917
Federal deposit insurance	**2,837**	5,307	5,439
Mortgage servicing rights	**5,326**	4,906	6,815
Other	**41,505**	35,311	33,439
	$118,864	$112,462	$109,033

20 > PARENT COMPANY FINANCIAL INFORMATION

TCF Financial Corporation's (parent company only) condensed statements of financial condition as of December 31, 2000 and 1999, and the condensed statements of operations and cash flows for the years ended December 31, 2000, 1999 and 1998 are as follows:

Condensed Statements of Financial Condition

(In thousands)	At December 31, 2000	1999
Assets:		
Cash	$ 191	$ 673
Interest-bearing deposits with banks	23,996	2,639
Investment in bank subsidiaries	835,933	835,997
Premises and equipment	11,947	11,566
Dividends receivable from bank subsidiaries	25,000	7,272
Other assets	35,315	33,007
	$932,382	$891,154
Liabilities and Stockholders' Equity:		
Bank line of credit	$ —	$ 42,000
Commercial paper	—	22,357
Other liabilities	22,162	17,815
Total liabilities	22,162	82,172
Stockholders' equity	910,220	808,982
	$932,382	$891,154

Condensed Statements of Operations

(In thousands)	Year Ended December 31, 2000	1999	1998
Interest income	$ 1,192	$ 576	$ 581
Interest expense	1,726	4,000	2,219
Net interest expense	(534)	(3,424)	(1,638)
Provision for credit losses	—	–	(49)
Net interest expense after provision for credit losses	(534)	(3,424)	(1,589)
Cash dividends received from consolidated bank subsidiaries	212,327	164,791	184,569
Other non-interest income:			
Affiliate service fees	90,553	82,567	72,483
Other	87	(3)	35
Total other non-interest income	90,640	82,564	72,518
Non-interest expense:			
Compensation and employee benefits	54,506	49,171	41,379
Occupancy and equipment	16,133	14,982	14,672
Other	22,970	20,622	19,294
Total non-interest expense	93,609	84,775	75,345
Income before income tax benefit and equity in undistributed earnings of subsidiaries	208,824	159,156	180,153
Income tax benefit	1,435	1,852	1,588
Income before equity in undistributed earnings of subsidiaries	210,259	161,008	181,741
Equity in undistributed earnings of subsidiaries	(24,014)	5,031	(25,562)
Net income	$186,245	$166,039	$156,179

Condensed Statements of Cash Flows

(In thousands)	Year Ended December 31, 2000	1999	1998
Cash flows from operating activities:			
Net income	$ 186,245	$ 166,039	$ 156,179
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed earnings of subsidiaries	24,014	(5,031)	25,562
Other, net	13,381	15,554	1,802
Total adjustments	37,395	10,523	27,364
Net cash provided by operating activities	223,640	176,562	183,543
Cash flows from investing activities:			
Net (increase) decrease in interest-bearing deposits with banks	(21,357)	(238)	17,420
Investments in and advances to subsidiaries, net	—	(1,000)	–
Loan to Executive Deferred Compensation Plan, net	(416)	1,390	(6,111)
Purchases of premises and equipment, net	(4,300)	(6,624)	(4,174)
Other, net	525	579	765
Net cash provided (used) by investing activities	(25,548)	(5,893)	7,900
Cash flows from financing activities:			
Dividends paid on common stock	(66,101)	(60,755)	(54,971)
Purchases of common stock to be held in treasury	(73,824)	(106,106)	(210,939)
Net increase (decrease) in commercial paper	(22,357)	22,357	–
Net increase (decrease) in bank line of credit	(42,000)	(32,000)	74,000
Other, net	5,708	6,330	629
Net cash used by financing activities	(198,574)	(170,174)	(191,281)
Net increase (decrease) in cash	(482)	495	162
Cash at beginning of year	673	178	16
Cash at end of year	$ 191	$ 673	$ 178

21 > LITIGATION AND CONTINGENT LIABILITIES

From time to time, TCF is a party to legal proceedings arising out of its general lending and operating activities. TCF is and expects to become engaged in a number of foreclosure proceedings and other collection actions as part of its loan collection activities. From time to time, borrowers have also brought actions against TCF, in some cases claiming substantial amounts of damages. Some financial services companies have recently been subjected to significant exposure in connection with class actions and/or suits seeking punitive damages. While the Company is not aware of any actions or allegations which should reasonably give rise to any material adverse effect, it is possible that the Company could be subjected to such a claim in an amount which could be material. Management, after review with its legal counsel, believes that the ultimate disposition of its litigation will not have a material effect on TCF's financial condition.

The Board of Directors and Stockholders of
TCF Financial Corporation:

We have audited the accompanying consolidated statements of financial condition of TCF Financial Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000. 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 auditing standards generally accepted in the United States of America. 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 at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 16 to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, as of January 1, 2000.

Minneapolis, Minnesota
January 17, 2001

Selected Quarterly Financial Data (Unaudited)

(Dollars in thousands, except per-share data)	**At Dec. 31, 2000**	At Sept. 30, 2000	At June 30, 2000	At March 31, 2000	At Dec. 31, 1999	At Sept. 30, 1999	At June 30, 1999	At March 31, 1999
Selected Financial Condition Data:								
Total assets	**$11,197,462**	$10,980,000	$10,905,705	$10,761,821	$10,661,716	$10,342,248	$10,338,341	$10,200,744
Investments	**134,059**	132,173	131,635	155,265	148,154	127,701	194,781	158,222
Securities available for sale	**1,403,888**	1,413,218	1,436,836	1,470,532	1,521,661	1,599,438	1,701,063	1,569,406
Residential real estate loans	**3,673,831**	3,797,023	3,866,659	3,932,944	3,919,678	3,819,673	3,773,094	3,788,352
Other loans and leases	**4,872,868**	4,562,644	4,364,491	4,158,849	3,976,065	3,782,457	3,658,077	3,504,977
Deposits	**6,891,824**	6,810,921	6,719,962	6,823,248	6,584,835	6,633,738	6,648,283	6,632,481
Borrowings	**3,184,245**	3,115,066	3,205,732	2,975,080	3,083,888	2,721,200	2,734,652	2,579,789
Stockholders' equity	**910,220**	859,444	807,382	780,311	808,982	815,304	810,448	824,442

	Three Months Ended							
	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000	Dec. 31, 1999	Sept. 30, 1999	June 30, 1999	March 31, 1999
Selected Operations Data:								
Interest income	**$ 214,408**	$ 210,709	$ 204,407	$ 197,157	$ 193,043	$ 188,656	$ 186,359	$ 184,043
Interest expense	**103,584**	100,035	94,209	90,317	86,931	82,116	79,637	79,204
Net interest income	**110,824**	110,674	110,198	106,840	106,112	106,540	106,722	104,839
Provision for credit losses	**4,711**	3,688	5,383	990	3,371	2,845	2,947	7,760
Net interest income after provision for credit losses	**106,113**	106,986	104,815	105,850	102,741	103,695	103,775	97,079
Non-interest income:								
Fees and other revenues	**88,122**	85,276	82,438	72,953	74,785	72,137	68,385	63,919
Other non-interest income:								
Gain (loss) on sales of securities available for sale	**–**	–	–	–	–	–	(5)	3,199
Gain on sales of loan servicing	**–**	–	–	–	–	–	743	2,333
Gain on sales of branches	**8,947**	–	3,866	–	3,349	6,429	2,382	–
Gain on sale of subsidiaries	**–**	–	–	–	5,522	–	–	–
Title insurance revenues	**–**	–	–	–	2,490	3,953	4,512	4,466
Other non-interest income	**8,947**	–	3,866	–	11,361	10,382	7,632	9,998
Total non-interest income	**97,069**	85,276	86,304	72,953	86,146	82,519	76,017	73,917
Non-interest expense:								
Amortization of goodwill and other intangibles	**2,519**	2,515	2,484	2,483	2,665	2,676	2,673	2,675
Other non-interest expense	**115,841**	113,818	112,761	110,107	112,292	114,061	110,106	105,650
Total non-interest expense	**118,360**	116,333	115,245	112,590	114,957	116,737	112,779	108,325
Income before income tax expense	**84,822**	75,929	75,874	66,213	73,930	69,477	67,013	62,671
Income tax expense	**32,657**	29,232	29,212	25,492	28,980	26,717	26,024	25,331
Net income	**$ 52,165**	$ 46,697	$ 46,662	$ 40,721	$ 44,950	$ 42,760	$ 40,989	$ 37,340
Per common share:								
Basic earnings	**$ .67**	$ .60	$ .60	$ .51	$ .55	$ .52	$ .50	$ .45
Diluted earnings	**$ .66**	$ .59	$ .59	$ .51	$ .55	$ .52	$ .49	$ .44
Diluted cash earnings (1)	**$ .68**	$ .61	$ .61	$ .53	$ .58	$ .54	$ .52	$ .47
Dividends declared	**$ .2125**	$ .2125	$ .2125	$ .1875	$ .1875	$ .1875	$ .1875	$ .1625
Financial Ratios: (2)								
Return on average assets	**1.89%**	1.71%	1.73%	1.53%	1.72%	1.66%	1.60%	1.48%
Cash return on average assets (1)	**1.96**	1.78	1.80	1.60	1.80	1.73	1.67	1.55
Return on average realized common equity	**23.17**	21.52	22.19	19.24	21.04	20.37	19.81	18.06
Return on average common equity	**23.78**	22.55	23.72	20.55	22.03	21.29	20.11	17.99
Cash return on average realized common equity (1)	**24.01**	22.39	23.09	20.12	22.14	21.27	20.73	18.97
Average total equity to average assets	**7.95**	7.60	7.28	7.44	7.78	7.79	7.95	8.22
Average realized tangible equity to average assets	**6.66**	6.43	6.23	6.35	6.50	6.44	6.33	6.39
Average tangible equity to average assets	**6.45**	6.06	5.72	5.84	6.13	6.08	6.21	6.42
Net interest margin (3)	**4.33**	4.38	4.38	4.32	4.38	4.46	4.52	4.52

(1) Excludes amortization and reduction of goodwill, net of income tax benefit. (2) Annualized. (3) Net interest income divided by average interest-earning assets.

Five-Year Consolidated Financial Highlights

(In thousands, except per-share data)	Year Ended December 31, 2000	1999	1998	1997	1996
Consolidated Summary of Operations:					
Interest income	**$826,681**	$752,101	$748,894	$682,614	$612,884
Interest expense	**388,145**	327,888	323,160	289,018	258,316
Net interest income	**438,536**	424,213	425,734	393,596	354,568
Provision for credit losses	**14,772**	16,923	23,280	17,995	21,446
Net interest income after provision for credit losses	**423,764**	407,290	402,454	375,601	333,122
Fees and other revenues	**328,789**	279,226	242,509	188,620	159,844
Other non-interest income:					
Gain on sales of securities available for sale	**–**	3,194	2,246	8,509	86
Gain on sales of loan servicing	**–**	3,076	2,414	1,622	–
Gain on sales of branches	**12,813**	12,160	18,585	14,187	2,747
Gain on sale of subsidiaries	**–**	5,522	–	–	–
Gain on sale of joint venture interest	**–**	–	5,580	–	–
Gain on sales of loans	**–**	–	–	–	5,443
Title insurance revenues	**–**	15,421	20,161	13,730	13,492
Other non-interest income	**12,813**	39,373	48,986	38,048	21,768
Total non-interest income	**341,602**	318,599	291,495	226,668	181,612
Amortization of goodwill and other intangibles	**10,001**	10,689	11,399	15,757	3,540
FDIC special assessment	**–**	–	–	–	34,803
Other non-interest expense	**452,527**	442,109	417,301	345,605	314,983
Total non-interest expense	**462,528**	452,798	428,700	361,362	353,326
Income before income tax expense	**302,838**	273,091	265,249	240,907	161,408
Income tax expense	**116,593**	107,052	109,070	95,846	61,031
Net income	**$186,245**	$166,039	$156,179	$145,061	$100,377
Basic earnings per common share	**$ 2.37**	$ 2.01	$ 1.77	$ 1.72	$ 1.23
Diluted earnings per common share	**$ 2.35**	$ 2.00	$ 1.76	$ 1.69	$ 1.20
Diluted cash earnings per common share	**$ 2.44**	$ 2.10	$ 1.88	$ 1.73	$ 1.22
Dividends declared per common share	**$ .825**	$ .725	$ .6125	$ .46875	$.359375
Average common and common equivalent shares outstanding:					
Basic	**78,649**	82,445	88,093	84,478	81,904
Diluted	**79,389**	83,071	88,916	86,134	83,939

Five-Year Consolidated Financial Highlights (continued)

(In thousands, except per-share data)	At December 31, 2000	1999	1998	1997	1996
Consolidated Summary of Financial Condition:					
Total assets	**$11,197,462**	$10,661,716	$10,164,594	$9,744,660	$7,430,487
Interest-bearing deposits with banks	**332**	20,319	115,894	20,572	386,244
Federal funds sold	**–**	–	41,000	–	–
Other investments	**–**	–	4,227	4,061	3,910
Federal Reserve Bank stock, at cost	**23,286**	23,224	23,112	22,977	–
Federal Home Loan Bank stock, at cost	**110,441**	104,611	93,482	82,002	66,061
Securities available for sale	**1,403,888**	1,521,661	1,677,919	1,426,131	999,586
Loans held for sale	**227,779**	198,928	213,073	244,612	203,869
Residential real estate loans	**3,673,831**	3,919,678	3,765,280	3,623,845	2,252,312
Other loans and leases	**4,872,868**	3,976,065	3,375,898	3,445,343	3,040,608
Goodwill	**153,239**	158,468	166,645	177,700	15,431
Deposit base intangibles	**11,183**	13,262	16,238	19,821	10,843
Deposits	**6,891,824**	6,584,835	6,715,146	6,907,310	4,977,630
Federal Home Loan Bank advances	**1,891,037**	1,759,787	1,804,208	1,339,578	1,141,040
Other borrowings	**1,293,208**	1,324,101	656,838	387,574	567,132
Stockholders' equity	**910,220**	808,982	845,502	953,680	630,687
Tangible equity	**745,798**	637,252	662,619	756,159	604,413
Book value per common share	**11.34**	9.87	9.88	10.27	7.61
Tangible book value per common share	**9.29**	7.78	7.74	8.15	7.29

	At or For the Year Ended December 31, 2000	1999	1998	1997	1996
Key Ratios and Other Data:					
Net interest margin	**4.35%**	4.47%	4.84%	5.20%	5.27%
Return on average assets	**1.72**	1.61	1.62	1.77	1.39
Return on average realized common equity	**21.53**	19.83	17.51	19.57	16.77
Average total equity to average assets	**7.58**	7.93	9.35	9.12	8.31
Average interest-earning assets to average interest-bearing liabilities	**119.10**	117.02	116.55	117.15	115.29
Common dividend payout ratio	**35.11%**	36.25%	34.80%	27.74%	29.95%
Number of full service bank offices	**352**	338	311	221	196
Number of checking accounts (in thousands)	**1,131**	1,032	913	772	669

Allowance for Loan and Lease Loss Information

(Dollars in thousands)	Year Ended December 31, 2000	1999	1998	1997	1996
Balance at beginning of year	**$55,755**	$ 80,013	$ 82,583	$ 71,865	$ 66,290
Acquired balance	**–**	–	–	10,592	–
Transfers to loans held for sale	**–**	(14,793)	–	–	–
Charge-offs:					
Residential real estate	**(15)**	(155)	(291)	(444)	(333)
Commercial real estate	**(76)**	(674)	(1,294)	(927)	(1,944)
Commercial business	**(360)**	(52)	(42)	(1,485)	(2,786)
Consumer	**(7,041)**	(31,509)	(30,108)	(21,660)	(18,317)
Leasing and equipment finance	**(2,209)**	(2,008)	(979)	(2,297)	(914)
	(9,701)	(34,398)	(32,714)	(26,813)	(24,294)
Recoveries:					
Residential real estate	**28**	71	103	167	131
Commercial real estate	**295**	1,381	559	2,530	3,690
Commercial business	**694**	329	635	2,488	2,675
Consumer	**4,576**	5,831	5,222	3,141	1,918
Leasing and equipment finance	**250**	398	345	618	9
	5,843	8,010	6,864	8,944	8,423
Net charge-offs	**(3,858)**	(26,388)	(25,850)	(17,869)	(15,871)
Provision charged to operations	**14,772**	16,923	23,280	17,995	21,446
Balance at end of year	**$66,669**	$ 55,755	$ 80,013	$ 82,583	$ 71,865
Ratio of net loan and lease charge-offs to average loans and leases outstanding	**.05%**	.35%	.36%	.30%	.29%
Year-end allowance as a percentage of year-end total loan and lease balances	**.78**	.71	1.12	1.17	1.36
Year-end allowance as a percentage of year-end loans and leases excluding residential real estate loans	**1.31**	1.33	2.27	2.30	2.29

Contractual Amortization of Loan and Lease Portfolios

(In thousands) At December 31, 2000 [1]	Residential Real Estate	Commercial Real Estate	Commercial Business	Consumer	Leasing and Equipment Finance	Total Loans and Leases
Amounts due:						
Within 1 year	$ 114,568	$ 213,456	$234,965	$ 97,393	$312,119	$ 972,501
After 1 year:						
1 to 2 years	115,641	162,865	60,183	88,604	239,938	667,231
2 to 3 years	120,013	88,205	48,904	100,528	168,565	526,215
3 to 5 years	250,073	266,182	43,971	204,425	227,647	992,298
5 to 10 years	629,189	487,696	20,752	566,558	–	1,704,195
10 to 15 years	572,963	135,716	894	948,031	–	1,657,604
Over 15 years	1,864,318	20,532	246	245,382	–	2,130,478
Total after 1 year	3,552,197	1,161,196	174,950	2,153,528	636,150	7,678,021
Total	$3,666,765	$1,374,652	$409,915	$2,250,921	$948,269	$8,650,522
Amounts due after 1 year on:						
Fixed-rate loans and leases	$1,479,438	$ 244,741	$ 75,647	$1,143,996	$636,150	$3,579,972
Adjustable-rate loans	2,072,759	916,455	99,303	1,009,532	–	4,098,049
Total after 1 year	$3,552,197	$1,161,196	$174,950	$2,153,528	$636,150	$7,678,021

[1] Gross of unearned discounts and deferred fees. 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.

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Senior Vice Presidents
Peter C. Darin
Walter E. Dzielsky
Timothy A. Pratt
William D. Reinke

TCF Express Trade, Inc.

President
Brian J. Hurd

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Chairman, Xerxes Corporation

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Lynn A. Nagorske
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Senior Partner, Kaplan, Strangis and Kaplan, P.A.

Gerald A. Schwalbach[2,3]
Chairman, Superior Storage LLC

[1] Audit/Asset Quality Committee
[2] Personnel/Shareholder Relations Committee (also acts as Nominating Committee)
[3] Advisory Committee – TCF Employee Stock Purchase Plan
[4] Executive Committee

OFFICES

Executive Offices

TCF Financial Corporation
200 Lake Street East
Mail Code EX0-03-A
Wayzata, MN 55391-1693
(612) 661-6500

Minnesota

Headquarters
801 Marquette Avenue
Mail Code 001-03-P
Minneapolis, MN 55402
(612) 661-6500

Traditional Branches
Minneapolis/St. Paul Area (41)
Greater Minnesota (6)

Supermarket Branches
Minneapolis/St. Paul Area (34)
Greater Minnesota (3)

Illinois

Headquarters
800 Burr Ridge Parkway
Burr Ridge, IL 60521
(630) 986-4900

Traditional Branches (30)

Supermarket Branches (138)
Includes Indiana Branch

Wisconsin

Headquarters
500 West Brown Deer Road
Milwaukee, WI 53217
(414) 351-8522

Traditional Branches
Milwaukee Area (11)
Kenosha/Racine Area (7)

Supermarket Branches
Milwaukee Area (12)
Kenosha/Racine Area (2)

Michigan

Headquarters
401 East Liberty Street
Ann Arbor, MI 48104
(734) 769-8300

Traditional Branches
Metro Detroit Region (17)
Northeast Region (9)
Southeast Region (8)
Central Region (9)

Supermarket Branches
Metro Detroit Region (10)
Northeast Region (1)
Port Huron (1)
Southeast Region (1)

Colorado

Headquarters
9200 E. Panorama Circle
Suite 100
Engelwood, CO 80112
(303) 858-8519

Traditional Branches
Colorado Springs (1)

Supermarket Branches
Denver Area (8)
Colorado Springs (3)

Stock Data

Year	Close	High	Low	Dividends Paid Per Share
2000				
Fourth Quarter	**$44.56**	**$45.56**	**$33.81**	**$.2125**
Third Quarter	**37.63**	**37.88**	**25.75**	**.2125**
Second Quarter	**25.69**	**29.06**	**22.00**	**.2125**
First Quarter	**23.81**	**24.88**	**18.00**	**.1875**
1999				
Fourth Quarter	$ 24.88	$ 30.56	$ 23.75	$ .1875
Third Quarter	28.56	29.38	26.63	.1875
Second Quarter	27.88	30.69	25.13	.1875
First Quarter	26.06	27.25	21.69	.1625
1998				
Fourth Quarter	$ 24.19	$ 25.63	$ 15.81	$ .1625
Third Quarter	19.88	32.44	19.88	.1625
Second Quarter	29.50	37.25	28.38	.1625
First Quarter	33.94	35.13	29.25	.125
1997				
Fourth Quarter	$ 33.94	$ 34.38	$ 27.00	$ .125
Third Quarter	29.22	29.69	24.13	.125
Second Quarter	24.69	25.19	18.75	.125
First Quarter	19.81	23.75	19.50	.09375
1996				
Fourth Quarter	$ 21.75	$ 22.69	$ 18.75	$ .09375
Third Quarter	18.81	19.31	15.56	.09375
Second Quarter	16.63	18.88	16.00	.09375
First Quarter	18.13	19.00	14.81	.078125

Trading of Common Stock

The common stock of TCF Financial Corporation is listed on the New York Stock Exchange under the symbol TCB. At January 29, 2001, TCF had approximately 79.6 million shares of common stock outstanding.

2001 Common Stock Dividend Dates

Expected Record:	*Expected Payment:*
February 2	February 28
May 11	May 31
August 3	August 31
November 2	November 30

Transfer Agent and Registrar

Fleet National Bank
c/o EquiServe Limited Partnership
P.O. Box 43010
Providence, RI 02940-3010
(800) 730-4001
www.equiserve.com

Common Stock Dividend Reinvestment Plan

Approximately 64% of TCF's 10,232 shareholders of record participate in the Dividend Reinvestment Plan. Under the plan, common shareholders may purchase additional shares of common stock at market price without service charges or brokerage commissions through automatic reinvestment of cash dividends. Optional cash contributions may be made monthly with a minimum investment of $25 per month and limited to $25,000 per quarter. Information is available from:

Fleet National Bank
c/o EquiServe Limited Partnership
P.O. Box 43010
Providence, RI 02940-3010
(800) 730-4001
www.equiserve.com

Investor/Analyst Contacts

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Senior Vice President	Senior Vice President
Corporate Communications	Investor Relations
(952) 745-2755	(952) 745-2758

Additional Information

TCF's report on Form 10-K is filed with the Securities and Exchange Commission and is available to shareholders without charge. News releases are available via fax at no charge by calling (800) 758-5804 and entering TCF's code 840750. Information may also be obtained from:

TCF Financial Corporation
Corporate Communications
200 Lake Street East
EX0-02-C
Wayzata, MN 55391-1693
(952) 745-2760

Corporate Web Site

Please visit our Web site at www.tcfexpress.com for up-to-date investor information, news, investor presentation and access to TCF's quarterly conference calls.

Annual Meeting

The annual meeting of shareholders of TCF will be held on Wednesday, May 9, 2001 at 10:30 a.m. at the Ramada Plaza Hotel, 12201 Ridgedale Drive, Minnetonka, Minnesota.

TCF Financial Corporation
200 Lake Street East
Wayzata, MN 55391-1693

www.tcfexpress.com

In an effort to help save our natural resources, the cover and inside pages of this annual report are printed on paper stock made from 30% post-consumer waste and a total 50% recycled fiber content. This report is printed with vegetable-based inks.
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