TCF®

Ordinary people doing extraordinary things, everyday.

2001 annual report

TCF FINANCIAL CORPORATION

A NATIONAL FINANCIAL HOLDING COMPANY

About the Cover

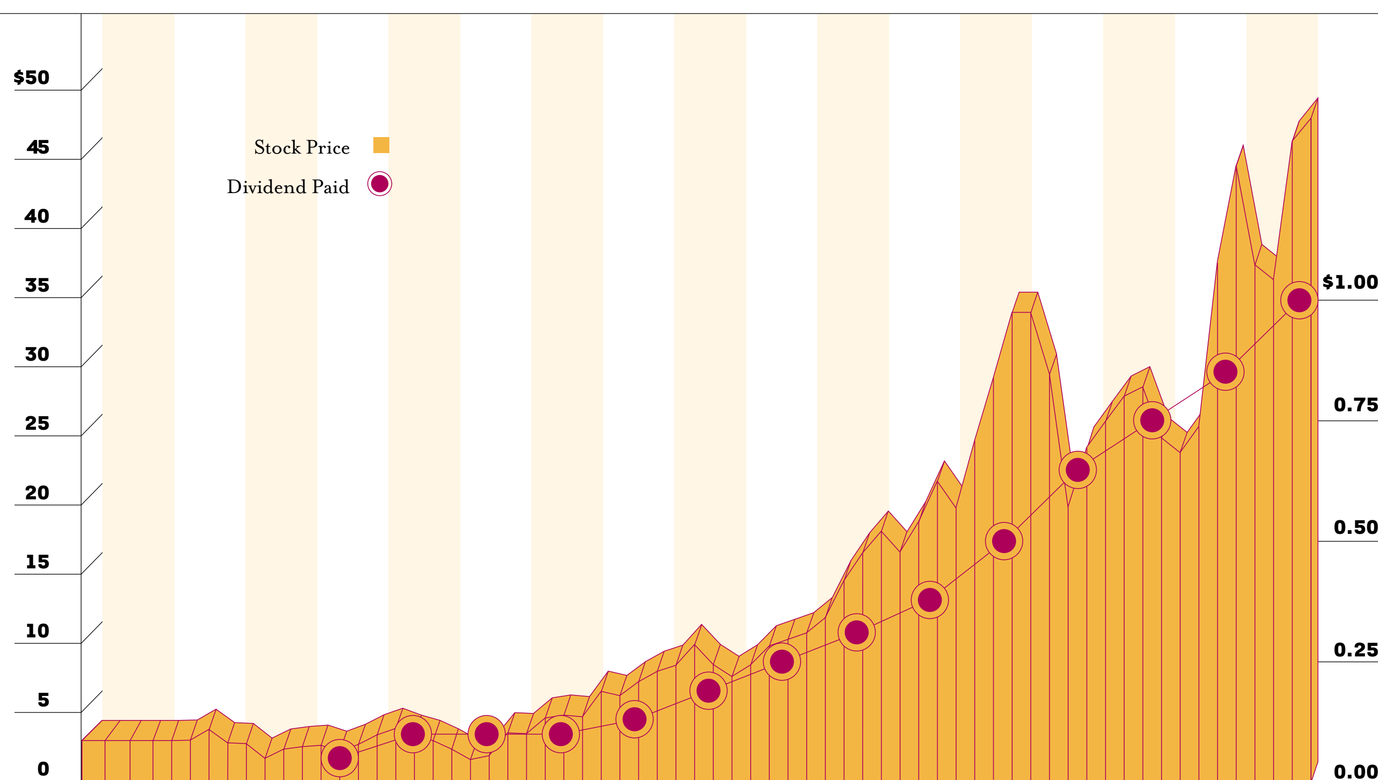
TCF became a public company in 1986 and since that time we have had a simple and consistent philosophy of banking. Our strong conviction that our customers come first is the driving force that has made TCF one of the best performing banks in the country. We listen to our customers and we have provided the products and services they want. The results speak for themselves; over this time we have recorded some of the highest performance ratios among the top 50 banks in the country and posted record operating earnings for the last 11 years.

The chart on the cover, clearly illustrated below, shows that this strategy has also been excellent for TCF shareholders. A $100 investment in TCF made ten years ago, with dividends reinvested, would be worth over $1,250 today – an impressive annual return of almost 29 percent. The chart also reflects our excellent dividend payment history. TCF has increased its dividend every year for the last ten years and will continue in 2002 by increasing the dividend to $1.15 per share.

Record earnings, increased dividends, performance ratios ranking with the top performing banks in the nation, and excellent return on investment, make clear the reasons TCF has become a well respected, often copied and highly profitable banking organization.

Stock Price Performance

(In Dollars)



Year Ending	Jun-86	Dec-86	Dec-87	Dec-88	Dec-89	Dec-90	Dec-91	Dec-92	Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-00	Dec-01
Stock Price	$3.00	$3.03	$1.72	$2.22	$3.38	$1.91	$4.84	$7.25	$8.50	$10.31	$16.56	$21.75	$33.94	$24.19	$24.88	$44.56	$47.98
Dividend Paid	N/A	N/A	N/A	$0.05	$0.10	$0.10	$0.10	$0.13	$0.19	$0.25	$0.31	$0.38	$0.50	$0.65	$0.75	$0.85	$1.00

Corporate Profile

TCF Financial Corporation is a Wayzata, Minnesota-based national financial holding company with $11.4 billion in assets. TCF has 375 banking offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. Other TCF affiliates provide leasing and equipment finance, mortgage banking, discount brokerage, and investments and insurance sales.

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(Dollars in thousands, except per-share data)	2001	2000	% Change
	At or For the Year Ended December 31,		
Operating Results:			
Net interest income	$ 481,222	$ 438,536	9.7%
Fees and other revenues[1]	367,307	323,463	13.6
Top-line revenue	848,529	761,999	11.4
Provision for credit losses	20,878	14,772	41.3
Non-interest expense	501,996	457,202	9.8
Operating income (pre-tax)	325,655	290,025	12.3
Non-operating income	4,179	12,813	(67.4)
Income tax expense	122,512	116,593	5.1
Net income	$ 207,322	$ 186,245	11.3
Per Common Share Information:			
Diluted earnings	$ 2.70	$ 2.35	14.9
Basic earnings	2.73	2.37	15.2
Diluted cash earnings[2]	2.80	2.44	14.8
Dividends declared	1.00	.825	21.2
Stock price:			
High	51.12	45.56	
Low	32.81	18.00	
Close	47.98	44.56	7.7
Book value	11.92	11.34	5.1
Tangible book value	9.91	9.29	6.7
Price to book value	403%	393%	2.5
Price to tangible book value	484	480	0.8
Financial Ratios:			
Return on average assets	1.79%	1.72%	4.1
Return on average realized common equity	23.18	21.53	7.7
Cash return on average assets[2]	1.86	1.79	3.9
Cash return on average realized common equity[2]	24.03	22.40	7.3
Net interest margin	4.51	4.35	3.7
Total equity to total assets at year end	8.07	8.13	(0.7)
Tangible equity to total assets at year end	6.71	6.66	0.8

(1) Excludes gains on sales of branches and securities.

(2) Excludes amortization of goodwill, net of income tax benefit.

(Dollars in thousands)	2001	2000	% Change
	At December 31,		
Selected Balance Sheet Data:			
Total assets	$11,358,715	$11,197,462	1.4%
Securities available for sale	1,584,661	1,403,888	12.9
Residential real estate loans	2,733,290	3,673,831	(25.6)
Other loans and leases	5,510,912	4,872,868	13.1
Goodwill	145,462	153,239	(5.1)
Deposit base intangibles	9,244	11,183	(17.3)
Deposits	7,098,958	6,891,824	3.0
Short-term borrowings	719,859	898,695	(19.9)
Long-term borrowings	2,303,166	2,285,550	0.8
Stockholders' equity	917,033	910,220	0.7
Tangible equity	$ 762,327	$ 745,798	2.2
Common shares outstanding	76,931,828	80,289,033	(4.2)

TCF—"The Customer First." We are firmly committed to providing outstanding service to our customers, every day.

Dear Shareholders

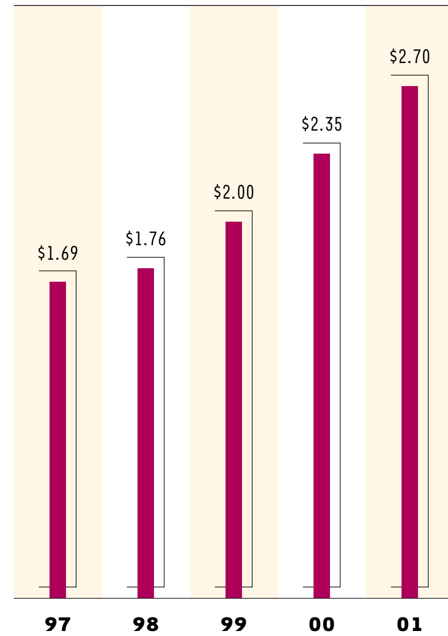
TCF had another great year. We earned a record $207.3 million in 2001, our 11th consecutive year of record operating earnings. Our diluted earnings per share increased 15 percent to $2.70. Return on average assets (ROA) was 1.79 percent, and our return on average realized common equity (RORE) was 23.18 percent. On a cash basis (the measure that will be used under generally accepted accounting principles starting next year), TCF earned $2.80 per common share, a return on average assets of 1.86 percent and a return on average realized common equity of 24.03 percent.

Our stock closed at $47.98 per share at December 31, 2001, up from $44.56 per share at year-end 2000, an increase of eight percent. Our annualized total return to investors over the past ten years was almost 29 percent. We have demonstrated that our unique strategy of convenience banking and de novo expansion works and the stock price appreciation we have experienced reflects the market's confidence in our continued superior performance. Our price-to-earnings ratio was 17.8 at year-end 2001. We now rank 14th in the top 50 banks in price-to-earnings ratio.

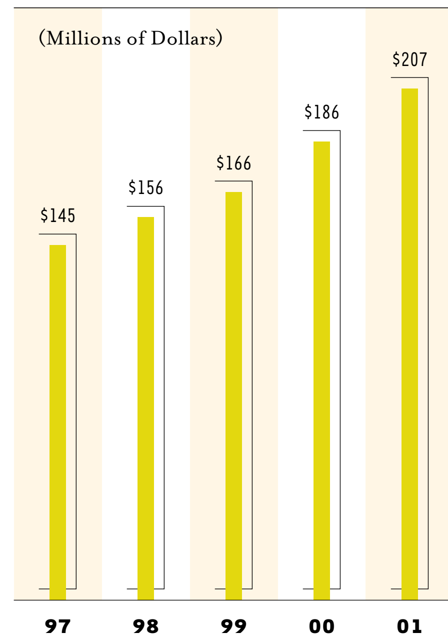
TCF's 2001 financial results were highlighted by solid top-line revenue growth, good credit quality, increased POWER ASSETS® (consumer, commercial and leasing credits), increased POWER LIABILITIES® (core deposits) and moderate non-interest expense growth. At TCF, we put the customer first and our philosophy of convenient banking for customers from varied economic levels, de novo expansion, new product development, and focus on core banking activities is a proven strategy that has worked well for us in the past and will continue to work well for us in the future.

TOP-LINE REVENUE Top-line revenue is an important number for us. Top-line revenue, which consists of net interest income and fee income, was up $86.5 million for 2001, an increase of 11 percent. TCF is one of the few banks that has shown consistent top-line revenue growth, which demonstrates that we are

Diluted EPS Growth

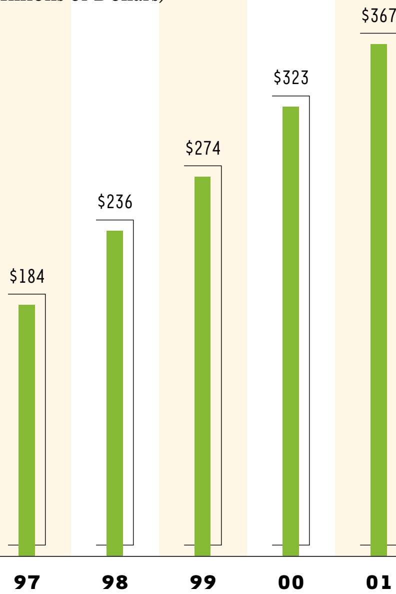


Net Income



Fees and Other Revenues

2001 ANNUAL GROWTH RATE OF +14%



Net Interest Income

2001 ANNUAL GROWTH RATE OF +10%

growing our core businesses, not just cutting expenses as many of our competitors are doing. Growing businesses generate premium price-to-earnings ratios.

Growth in top-line revenue results from the increase of Power Assets and Power Liabilities. Net interest income growth is driven by a changed balance sheet. Expanding the number of fee income producing products and services while growing the overall customer base fuels fee income growth. TCF added 117,900 new checking accounts in 2001, bringing our total to over 1,249,000 accounts. We have a 78 percent debit card penetration rate, one of the highest in the country, and we are now the 13th largest VISA® debit card issuer in the United States with 1.2 million debit cards outstanding.

TCF relies on attracting a large number of customers from varied economic levels. Each of these customers contributes incrementally to our profitability. 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.

POWER ASSETS AND POWER LIABILITIES Despite a year of economic uncertainty, economic slowdown and rate reductions, TCF enjoyed substantial growth in our Power Assets, up $638 million for the year, a 13 percent increase from year-end 2000. Commercial real estate lending

and consumer lending produced at record levels in 2001, while commercial lending and leasing also had a good year. We increased our checking account balances by over $332 million for the year, an increase of 15 percent. Higher-cost certificates of deposits decreased by $485.4 million during the year as TCF declined to pay rates above our institutional borrowing costs in the falling rate environment.

CREDIT QUALITY Our credit quality remained strong in 2001. Net charge-offs were $12.5 million in 2001, only .15 percent of average loans and leases. We provided $20.9 million for credit losses in 2001 and, as a result, we increased our loan loss reserves by $8.4 million. Delinquency and non-performing assets were 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.

Commercial Real Estate has been a long-time strength of TCF. In 2001 we had $562 million in originations and increased our portfolio by $251 million. This was accomplished by lending to local developers and builders on real estate projects in our local markets.

TCF CHECK CARD

With over 1.2 million check cards issued, TCF is the 13th largest issuer of VISA® check cards in the United States. The TCF Express Card provides our customers the convenience of having purchases deducted directly from their checking accounts and is a significant part of fee income for TCF.

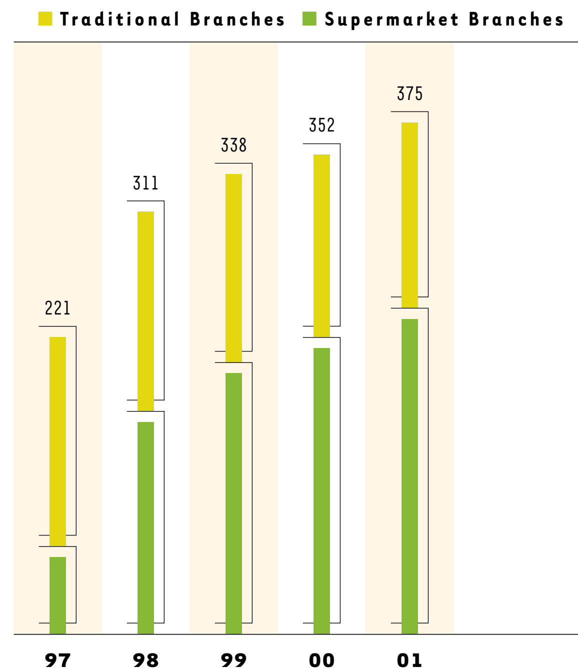
DE NOVO BRANCH EXPANSION TCF believes in a de novo style of expansion. While de novo expansion is unusual in today's banking environment, most successful retailers such as Wal-Mart®, Target®, and our supermarket partners, Cub® Foods and Jewel-Osco®, grow through de novo expansion. We opened 21 new supermarket branches and 6 traditional branches in 2001. We have opened 193 branches in the last four years, bringing our overall branch network to 375. Many of these new branches are now becoming profitable. The increasing profits from past de novo expansion funds continued expansion. What we really like about the de novo model is that you can pick the places you want to go, determine the pace that you want to expand and control the culture.

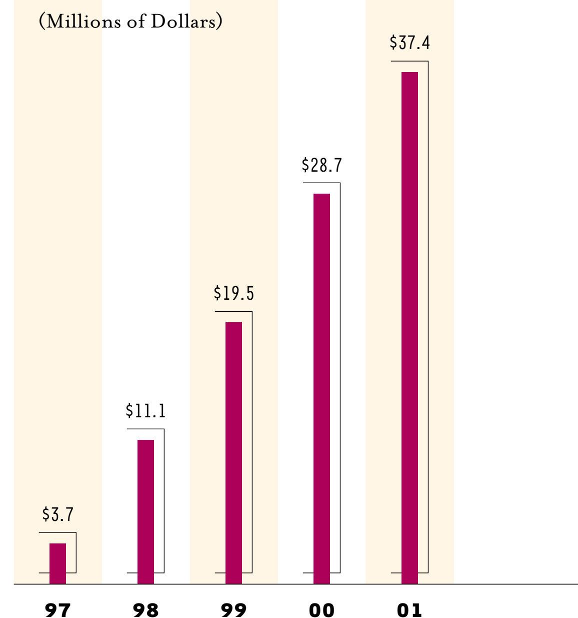
The cost of this expansion flows through the income statement faster than the dilution created through acquisition, but is ultimately more profitable. We believe we can bring these branches to profitability fast enough that de novo expansion is a better use of our capital than paying the premiums of acquisition. The internal rate of return on de novo expansion is one of the "hurdle rates" we use to measure acquisi-

tions. Although we would not rule out an acquisition in the future, currently we think that the de novo strategy is best for us. We plan to open another 25 to 30 branches in 2002, and have plans for additional de novo expansion in the years ahead.

INNOVATIVE PRODUCTS AND SERVICES In addition to our de novo banking strategy, innovative products and services continue to add to our success. "Totally Free Checking," "Free Small Business Checking," home equity loans, debit cards, investment sales and, of course, supermarket branch banking have been our most successful innovations. Over the last few years we have introduced TCF*Express.com* (our online banking service), TCF Leasing (our equipment leasing subsidiary), TCF Express Coin Service℠ (offering free self-service coin counting to TCF customers), system-wide 7-day-a-week banking, and the TCF Express Phone Card℠ (free long distance phone minutes for debit card use). All of these innovations increase customer convenience and generate new revenues.

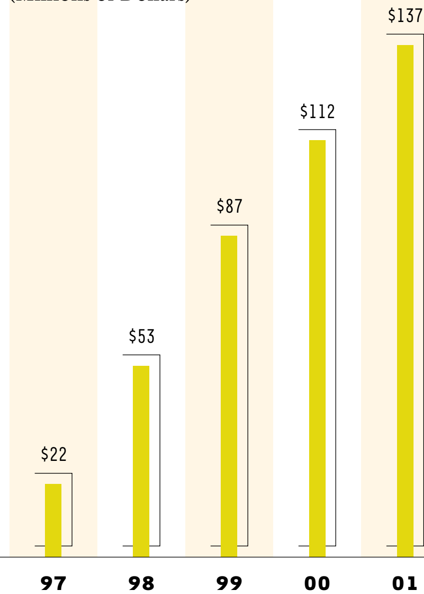
SUPERMARKET BANKING TCF has the fourth largest supermarket branch system in the United States, with 234 supermarket branches. In 2001, supermarket deposits totaled $1.2 billion, an increase of 13 percent. Our average interest rate on deposits in supermarket branches is 1.23 percent. We continue to attract customers through these convenient, full-service branches. Our supermarket branches added over 83,000 new check-





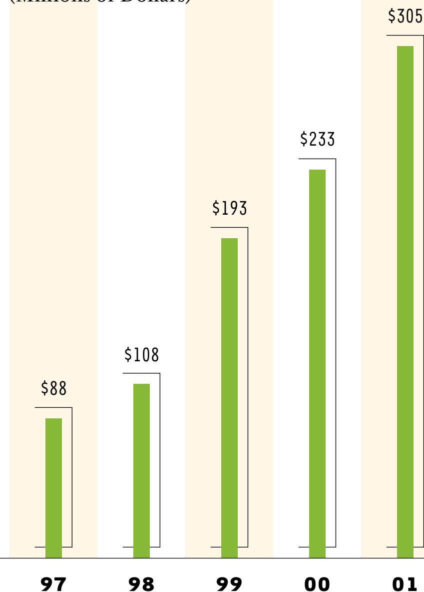
Supermarket Fee Income

2001 ANNUAL GROWTH RATE OF +22%



Supermarket Consumer Loans

2001 ANNUAL GROWTH RATE OF +31%

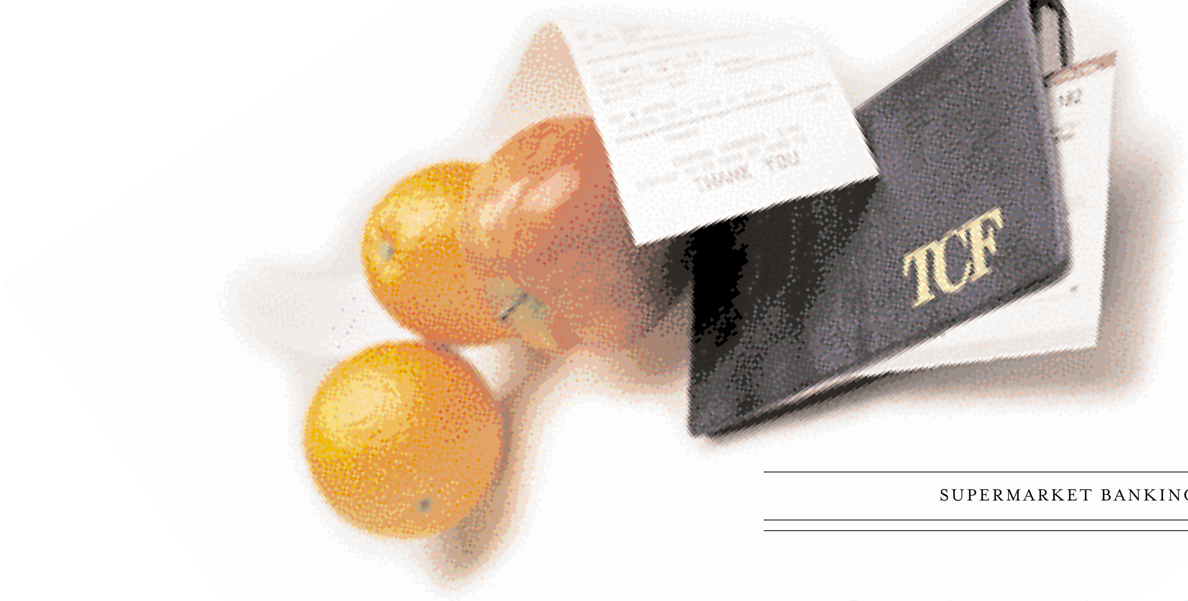


ing accounts during 2001. As the de novo supermarket branches mature, we are selling customers other products as well. Our fee income in these branches totaled $136.7 million for the year (up 22 percent from last year). We have put consumer lenders in many of our supermarket branches and have proven to many doubters that you can make loans in these branches. We now have over $305 million in consumer loans that were originated in supermarket branches, up 31 percent from 2000.

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 approximately 15 new supermarket branches in 2002 and more in the future.

TCF competes against financial institutions that are, in most cases, much larger and have far greater resources. This is both good news and bad news. The consolidation that we've seen in the banking industry has in many cases created huge, unwieldy organizations that cannot react quickly to changing competition. 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 decrease customer service and slow down revenue growth. However, we have recently seen some banks come to realize the value of top-line revenue growth and core earnings, and we believe they may become more competitive in the



future. In order to succeed TCF must move faster, create, design and implement innovative and customized products, and give great convenient service. We must invest for the future, find and nurture good management and staff, and grow by taking reasonable and measured risks in the process.

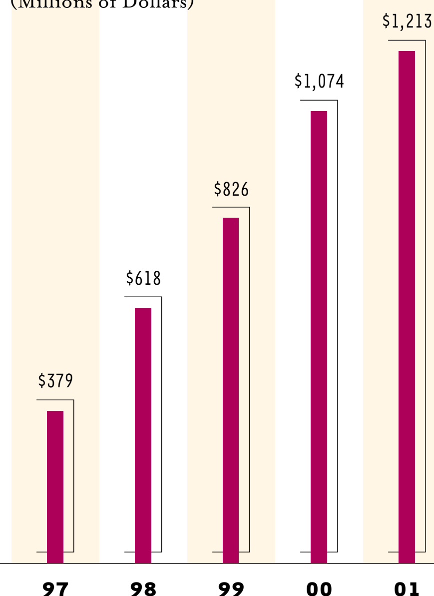
TCF has been very successful over the past ten years of extensive change in the banking industry, and in a strong U.S. economy. We are now in an economic slowdown. Many banks are reporting "restructuring charges" resulting from increased loan charge-offs or other losses. We believe that we are more insulated than most of the industry, but we are not immune.

I think it is appropriate to mention here what we consider to be the major risks to our continued success. First is the success of our de novo branch expansion. We are relying on the continued, long-term success of branch banking. Second, TCF, like all banks, is subject to the effects of any economic downturn. In particular, a significant decline in home values in our markets could have a negative effect on our results. A bad economy can create increased loan losses. Deposit

TCF has the fourth largest supermarket branch network in the country. Our customers enjoy the convenience of combining their financial and shopping needs in one stop, seven days a week, 360+ days a year, during extended hours. TCF's de novo banking expertise, innovative spirit and strong supermarket partnerships are the foundations of our success. We are committed to continuing this successful strategy.

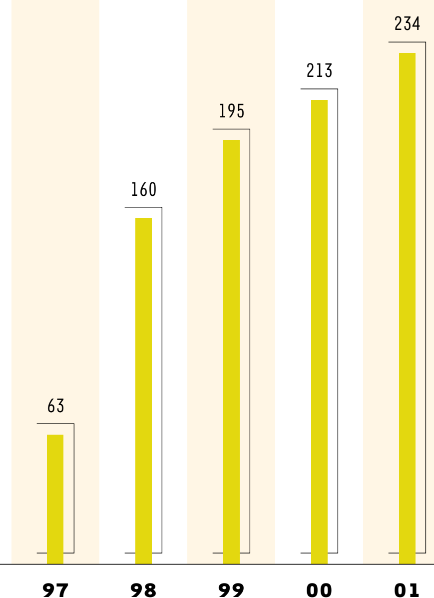
Supermarket Deposit Growth

2001 ANNUAL GROWTH RATE OF +13%



Supermarket Branch Expansion

2001 ANNUAL GROWTH RATE OF +10%



losses (fraudulent checks, etc.) have risen and combatting them is a continuing challenge. Technological change is a risk. Additionally, rising and falling interest rates could affect our results. Legal, regulatory and tax issues are always a risk.

Over the long term, the success and viability of our supermarket partners is important to TCF. We continue to work closely with our partners to optimize our businesses and to be aware of and address any potential risks. New competitors, many of whom have significantly more resources than TCF, are entering the financial services business. We must remain aware of these competitors and be ready to address their challenges.

None of these risks are new. Our consistent results have proven that we have managed these risks in the past and we believe that we are adequately prepared to manage them in the future. Our philosophy at TCF is to run a highly profitable bank and to minimize risk. TCF has no unconsolidated subsidiaries, exotic derivatives, foreign loans, bank owned life insurance, etc. In my opinion our accounting is very conservative. A careful reading of this Annual Report will tell you pretty much everything about our company.

We continue to have a mutuality of interest with our shareholders. Our senior management and board of directors own approximately 6.6 million shares of TCF stock. Seventy-five percent of our eligible employees participate in TCF's stock ownership plan, which at year-end held over 4.1 million shares. I believe I am the third largest shareholder and the largest individual

shareholder, with just over two million shares, up some 74 thousand shares in the last year. 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.

TCF repurchased 3.7 million shares (5 percent) of stock in 2001, and a total of 18.6 million shares (20 percent) since the beginning of 1998. 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.

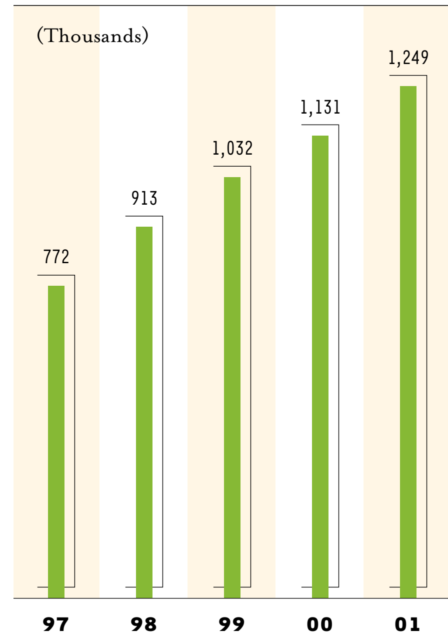
We also thank our outstanding team of employees, who truly do put the customer first, for their continued hard work and dedication. We are truly a bank of ordinary people achieving extraordinary results.

Thank you for your continued support and investment in TCF.

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

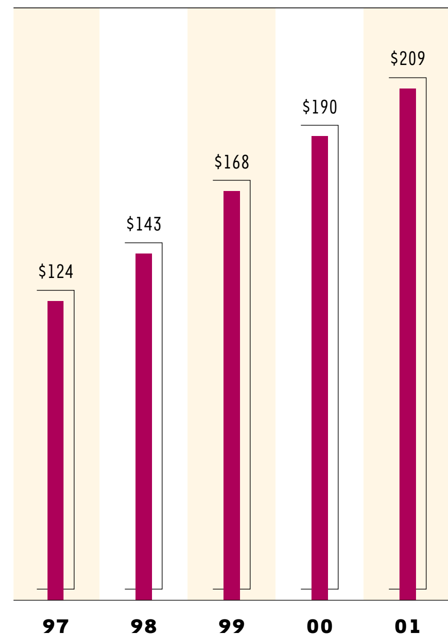
Retail Checking Accounts

2001 ANNUAL GROWTH RATE OF +10%



Fee Revenue Per Retail Checking Account

2001 ANNUAL GROWTH RATE OF +10%



Innovations

Fostering the development of innovative products and services is an integral part of TCF's culture. We actively hire, cultivate and recognize innovators in our organization. As an ongoing part of our business, we solicit ideas from all areas of the company. Every idea is evaluated and the best are selected for implementation. These innovations run the gamut from developing a new product, to enhancing a service, streamlining an operational process, or creating a unique marketing message. As these innovations are implemented and become successful, more ideas are generated and new innovations developed. At TCF, we attribute our constant stream of new innovations to the principle that "one thing leads to another."

In keeping with the TCF "Leader In Convenience Banking" philosophy, we began offering Sunday banking hours in most traditional branches during 2001. TCF was a pioneer in offering Sunday banking hours in supermarket branches in 1988, and has offered extended hours and Sunday banking in some traditional branches since 1997. Enthusiastic customer response motivated TCF to extend Sunday hours to most of our 375-branch network. Adding Sunday hours is a unique strategy that gives consumers the opportunity to do banking on a day when most other banks are closed.

One of the cornerstones of TCF's success in retail banking has been our ability to offer the best checking accounts available and the most convenient and customer-friendly banking options. Our strong commitment to developing technology to enhance productivity, customer service and new products supports these efforts. TCF Totally Free Online℠ Banking is an excellent illustration of how we combine these two strategies. Developed in response to customer requests, TCF Totally Free Online combines a no-fee, easy-to-use banking service with TCF's popular checking account products. With TCF Totally Free Online, we are providing exactly the services our customers asked for, at zero cost to them. Today, over 100,000 TCF customers use our online banking system.

Also launched in 2001 was TCF Express Trade,℠ TCF's convenient, low-cost, discount brokerage, representing another natural addition to our convenience services. A TCF Express Trade account allows customers to buy and sell stocks, bonds, load and no-load mutual funds, and options by placing trades over the phone with a broker or directly online. Accounts can be opened at any of TCF's 375 branches, or by telephone, and many services are available in branches, via telephone or online.

One of TCF's most successful 2001 innovations combined existing TCF products with a new strategy to target a previously underserved market. TCF's new Small Business Banking Group is a dedicated team of small business bankers positioned at strategic branch locations to serve small business customers. Our

Customers and non-customers enjoy the convenience of using TCF Express Coin Service℠ coin counters. These colorful, self-service coin counting machines are located in many TCF branches. We plan to have Express Coin Counters in all available branches by mid 2002.

One of TCF's most innovative marketing campaigns in 2001 generated both local and national media coverage. In a unique and eye-catching campaign, dozens of brightly wrapped Volkswagen® Beetles, touting TCF's Express Check Card, were driven throughout the streets and over the freeways of Minneapolis and St. Paul.

primary small business product, "Free Small Business Checking," provides the small business owner with an easy-to-use, economical checking account along with a free Express Teller Business Check Card. Our bankers offer one-on-one, personal service, and throughout 2001 we added a number of relationship-based products such as business and home equity loans, deposit and insurance products to better serve this underserved market. And, consistent with our retail approach, our convenient branch network, ATMs, automated phone system, and online banking are all available to our small business customers.

TCF's Small Business Banking Group was implemented in our Minnesota market and our customer base has grown rapidly. We believe that TCF's Small Business Banking Group is an excellent example of the innovative spirit at TCF. We will expand this effort in Minnesota and roll it out to our other banking states in 2002.

Sometimes the best innovations revolve around the simplest ideas. This is the case with one of TCF's most popular new products. TCF Express Coin Service℠ is a self-service coin counting machine located in branches and available to both customers and non-customers. The service is available free of charge to customers and for a fee to non-customers. TCF customers appreciate the convenience of having coins counted free of charge at their convenience, and we believe that many non-customers will see the value of this and other TCF convenience services and become TCF customers. TCF plans to have TCF Express Coin Service coin counters in most branches by mid 2002.

TCF's culture of innovation is flourishing; other examples in 2001 are TCF Michigan's "M Card" campus card banking program with the University of Michigan, "Chicago Bears Checking," offered in partnership with the Chicago Bears football team and, in the face of record refinancing, a unique and highly effective targeted marketing campaign for home equity loans. The double-phone minutes loyalty program offered through our popular TCF Express Phone Card℠ continued to increase visibility and usage of the TCF Express Card.

Innovations must be a company-wide spirit, nurtured every day, to be successful. We will continue to foster the innovative spirit at TCF in 2002 and beyond.

TCF's Power Businesses: Power Assets® and Power Liabilities®

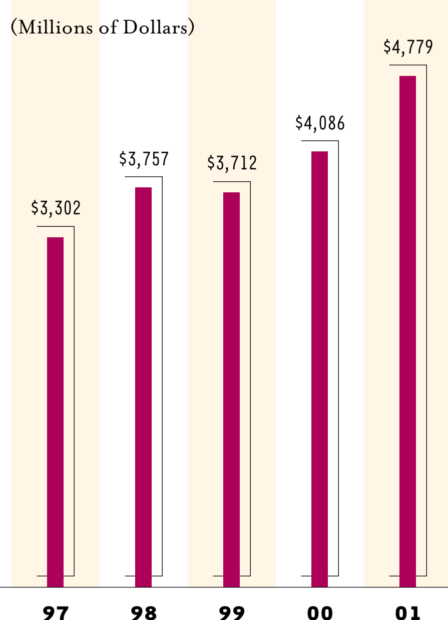
In 2001, Power Assets and Power Liabilities, TCF's Power Businesses, continued to drive top-line revenues and earnings growth for the company. We define Power Assets as higher-yielding commercial loans and leases, and our consumer home equity loans. Power Liabilities include checking, savings, money market, and certificate of deposit accounts. Although Power Assets and Power Liabilities comprise less than 60 percent of TCF's balance sheet, in 2001 they contributed over 75 percent to net income.

One of the main factors in producing greater returns (profits) is to increase net interest margin. In 2001 TCF was able to increase its net interest margin from 4.35% to 4.51%. We attribute some of this increase to 2001's 11 interest rate reductions. However, the greatest impact came from the change in the mix of our balance sheet in both Power Assets and Power Liabilities.

Power Liabilities remains the single largest driving force behind TCF's top-line revenue growth. In 2001, our 375-branch network added a record 117,900 checking accounts, and we now have over 1,249,000 accounts – more than many of our larger competitors. We use the checking account as the first point of contact with the customer and then look for opportunities to cross-sell additional products and services. To facilitate this effort, we continually look to develop innovative new products; for example, in 2001 TCF developed several new money market products to offer our customers an even greater range of deposit product options. The TCF Express Card, introduced in 1997, continues to play an important role in attracting and retaining checking account customers, as well as generating fee income.

Checking, Savings & Money Market

2001 ANNUAL GROWTH RATE OF +17%

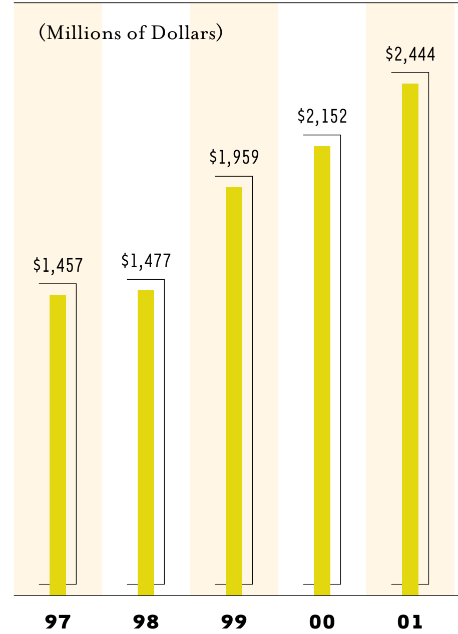


Our strategies for growing Power Liabilities have paid off – at year-end 2001 TCF had deposit balances of $2.5 billion in checking, $1.3 billion in savings, $951 million in money markets, and $2.3 billion in certificate of deposit accounts. Power Liabilities at year-end 2001 totaled $7.1 billion. Increasing this profitable, low interest-cost deposit base will continue to allow us to underwrite our Power Assets without taking inappropriate credit risks. We intend to continue our successful Power Liabilities growth strategies throughout 2002.

Power Asset growth in consumer home equity loans, commercial loans, and leasing and equipment finance all started strong in 2001. However, with the weakness in the slowing economy, our commercial loans and leasing portfolio originations slowed as the year progressed. This was not the case, however, for commercial real estate and especially for consumer home equity loans.

Consumer home equity loans is TCF's largest Power Asset category. In 2001, consumer loans, at $2.5 billion, had originations of $1.6 billion and increased

Consumer Home Equity Lending



outstandings by $275.2 million. TCF's tiered-pricing home equity loan products have allowed us to provide our customers with attractive loan rates and loan-to-value options, while maintaining our credit quality, which is among the highest of the top 50 banks in the country.

Also, in the face of the almost full-year refinance boom in 2001, TCF adopted a proactive strategy that proved especially successful in retaining our customers. First, we identified loan customers with high potential for refinancing their loans, then contacted them proactively and, in many cases, persuaded them to refinance with one of TCF's loan products. Throughout 2001 we continued to place additional lenders in our growing supermarket branch network, in order to make the loan process even more convenient for our customers.

TCF's Commercial Real Estate Group also had a strong 2001, increasing outstandings by $250.6 million. Our commercial real estate portfolio remains concentrated in apartment and office buildings but does contain some exposure to the weakened hotel industry; the portfolio has good credit quality and delinquencies of only .03 percent at year end.

During 2001 TCF's leasing and equipment portfolio did exhibit some stress, primarily in the truck and trailer segment. This caused our delinquencies, non-accruals and charge-offs, to increase over the year. Our net charge-offs of 1.0 percent of average outstandings for 2001 and delinquencies of 1.84 percent at year-end 2001 are well within industry averages.

Power Assets and Power Liabilities remain the foundation of TCF's top-line revenue growth. As we continue to replace borrowings with Power Liabilities and residential mortgages, and mortgage-backed securities with Power Assets, our core earnings and net interest margin should continue to improve.

Consumer lending has been the most powerful of our Power Assets, with more than $2.5 billion in outstandings and a charge-off rate that has averaged less than 20 basis points over the last five years.

De novo Expansion

Michigan's beautiful new Dixie Highway traditional branch is one of the latest in our de novo expansion strategy. TCF believes that de novo expansion is still the best way to grow our business. We plan to open 10 to 15 new traditional branches in 2002.

TCF believes that de novo expansion is the most effective way to grow our business. De novo expansion has been the primary driver of the increased profits and solid growth in our retail operations. Since 1997, TCF has added 193 locations to our convenient branch network. Many of these branches have now reached profitability and their increased contribution has allowed us to continue our de novo expansion. This conveyor belt of growing profitability will pay for the de novo expansion that we have planned for the future. We are committed to providing our customers with more convenient banking locations and will continue to do so in 2002 by adding 25 to 30 branches.

Supermarket banking remains a key component in TCF's de novo expansion efforts; we have the fourth largest supermarket branch network in the country. Our strong partnerships with Jewel-Osco® and Cub® Foods continue to provide excellent expansion opportunities. We opened 21 supermarket branches in 2001 and plan to open approximately 15 more in 2002. TCF's consistent track record of success in supermarket banking is built on our strong sales culture, coupled with our convenience-based products and services. We have chosen supermarket partners that appreciate the value of having a bank in the store and work with us to nurture the relationship. Most importantly, TCF management is deeply committed to and focused on our supermarket banking franchise.

As the opportunities for expansion in supermarket branches have slowed down, the year 2002 marks an era of new opportunity for TCF to add new traditional, stand-alone branches. Several of our markets, especially Detroit and Colorado, present excellent opportunities and we believe our expansion strategy will work well in these areas. We plan to add 10 to 15 traditional branches across our markets in 2002.

TCF is committed to being the most convenient bank in the markets we serve. We will continue to look for de novo expansion opportunities throughout 2002 and beyond.

Convenience

TCF has proven that we are "The Leader In Convenience Banking" in the markets we serve. In fact, many of our competitors have observed our strategies for providing convenience-based products and services over the years and now have begun to imitate them. "Totally Free Checking" is an excellent example – TCF has offered it since 1986, when it was a unique concept that immediately became enormously successful. Although there are now various versions of free checking in the marketplace, TCF still has the best suite of convenience products and services available – and our Totally Free Checking package is still the best.

One of the foundations of our products and services philosophy is that TCF believes that we must listen to our customers and provide convenience in the way that *they* define it. Our customers bank with us at their convenience, whether it is during extended hours at our traditional or supermarket branches, or via our Automated Phone System, our extensive network of TCF *EXPRESS TELLER*SM ATMs, or online at www.tcfexpress.com. In 2001 we implemented several new and innovative products and services: Sunday banking hours in traditional branches, TCF Totally Free OnlineSM Banking, TCF Express Coin Service,SM and TCF Express TradeSM online discount brokerage.

Sunday hours in traditional branch locations is a natural extension of TCF's convenience branch strategy; it allows us to offer our customers a wider choice of banking locations on a day when most banks are closed. TCF was a pioneer in offering Sunday banking hours in supermarket branches in 1988 and has offered Sunday banking in some traditional branches since 1997. Enthusiastic customer response motivated us to extend Sunday hours to most of our 375-branch network during 2001.

TCF Totally Free Online Banking is another customer-driven convenience service. Not only is it free to any TCF checking account customer, it's also quick and easy to sign up for and to use the service. TCF Express Coin Service provides self-service coin-counting; the customer simply deposits the coins into the counter and takes the receipt to the teller to make a deposit or obtain cash. Non-customers pay a small fee for the service – another reason for them to open a TCF checking account. TCF Express Trade online is another service our customers asked for; with it they can easily and securely buy or sell stock online at a very competitive cost.

As both the world and our markets change, TCF will continue to develop innovative new products and services that our customers want. **We are truly "The Leader In Convenience Banking."**

TCF has long been a pioneer in offering customers seven-day-a-week banking with extended hours in supermarket branches, and Saturday hours in traditional branches. Enthusiastic customer response led us to expand to Sunday hours in most traditional branches during 2001.

Geographic Structure

TCF's proven expertise in providing campus card programs, along with our unique product line and branch presence, allowed us the opportunity to partner with the University of Michigan to provide students, faculty and staff with the "M Card." TCF is now recognized as a premier provider of innovative campus card banking services.

One of TCF's most important assets is its management bench strength and depth. TCF is organized geographically and by function and we believe strongly that local management teams make the best decisions regarding local issues. Each of our bank management teams is responsible for local business decisions, business development initiatives, customer relations, and community involvement. Managers are given an incentive to achieve specific goals in many of these areas.

TCF's Minnesota franchise has been in business for 78 years and has been in many ways the bellwether bank of the organization. TCF Minnesota continues to focus on growth in higher-yielding consumer and commercial loans as well as increasing and fostering the development of our lower interest-cost checking account base. In 2001, TCF Minnesota introduced its Small Business Banking Group to bring TCF's convenience-based products and services to this underserved market. We will continue to expand in Minnesota by adding branches in growing areas and developing innovative new products.

The Lakeshore region in Illinois, Wisconsin and Indiana is TCF's fastest growing franchise, and has the largest branch network and employee base in our markets. Lakeshore now has supermarket branches in almost all existing Jewel-Osco® stores and will continue to expand as Jewel builds new stores. This year, TCF added two important branch locations in the Loop area of downtown Chicago. The Power Liabilities team is going strong; Lakeshore's focus now turns to developing resources in the Power Assets area, by adding experienced new lenders in the commercial real estate and consumer lending areas. TCF Lakeshore is well positioned for growth.

Michigan represents one of TCF's best opportunities for future growth, as there are many areas of Detroit in which we do not have a presence. We are actively acquiring land for new traditional branches and plan to open approximately five branches in 2002. This year, TCF Michigan was proud to forge a partnership with the University of Michigan to offer the "M Card" – a multi-functional ID and banking card for University of Michigan students, faculty and staff.

Our Colorado franchise in Denver and Colorado Springs also represents an area of great potential for TCF's future expansion. TCF Colorado now has 12 supermarket branches. TCF Colorado is also aggressively acquiring land to build additional traditional branches and will build three or four branches in 2002. In addition, we are focused on increasing our emerging consumer lending base by adding experienced lenders to develop this business. We are confident that TCF's strategy of offering convenience products and services will thrive in this market, as it has in other states.

TCF: THE CUSTOMER FIRST

TCF's goal is to always place the customer first, to provide extraordinary service throughout all of our delivery channels and businesses – every day. We know that giving great customer service will help us attract and retain more customers – and make TCF an even more convenient place to bank. Rewarding our employees for giving great customer service is important to us – we know companies that have high employee satisfaction also enjoy higher levels of customer satisfaction and shareholder returns.

In 2001, we launched a service program to formally recognize and reward employees who deliver great service to our customers. This program, "The Customer First," is intended for all TCF employees, from those in our retail branches to those in our support functions. *Every* TCF employee can make the service experience great for our customers, *every day*!

The Customer First program is based on our service standards – five simple and easy to remember steps to insure that we treat our customers just as we would like to be treated:

- 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.

To further emphasize the importance of putting the customer first, TCF employees receive ongoing communication, training, recognition and rewards for meeting or exceeding these standards. We want them to know exactly what's expected of them and how to provide great service.

At TCF, we're a results-oriented company, we're "The Leader In Convenience Banking" in America and we believe in the power of our employees. And above all, we put "The Customer First."

The Customer First is not just a program – but a culture based on our firm, consistent commitment to providing great customer service. When we put the customer first, our customers are satisfied and shareholder returns are high.

Community Giving

At TCF, we believe that we have a special obligation to our communities that goes beyond simply providing financial services. Through generous gifts of time, talents and resources, TCF and its employees support many local organizations, making a difference in the neighborhoods we serve. The year 2001 brought extraordinary opportunities to express our generosity; in fact, over six million dollars was contributed or raised by TCF, its employees, partners, and customers.

TCF reflects our commitment to the community by supporting a variety of nonprofit organizations through volunteer time, management counsel and grants. This support is concentrated into four categories: human services, community development, education, and arts/culture. Additionally, we provide assistance to local organizations supported by TCF employees, through active volunteerism or service on boards and committees.

There are a variety of ways local nonprofit organizations receive financial support from TCF:

- **Branch Funds** – Contributions or grants awarded to impact organizations located near TCF branches; gifts typically range between $100 – $1,500 and are usually supported by branch personnel.
- **Employee Matching Gifts** – Donations contributed by employees, matched dollar-for-dollar by TCF, to the nonprofit organization of their choice. Over $230,000 was donated during 2001.
- **Scholarships** – Nearly $200,000 in scholarships were awarded to high school and college students based on financial need.
- **Employee's Fund** – Employees contributed to this Fund through payroll deduction; the Foundation matched their contributions 100%. A committee, consisting of TCF employees, selected organizations to receive grants based on active employee involvement.
- **Corporate Giving** – TCF's Corporate Giving awarded larger grants, including multiyear commitments. Some of the grants awarded in 2001 were to Chicago Sinfonietta, sustaining arts and culture; Courage Center, supporting human services; Friends of Ascension, supporting education; Local Initiatives Support Corporation, in support of community development; and Neighborhood Housing Services of Chicago and the Twin Cities, providing for affordable housing.

In addition to the numerous grants awarded, TCF also benefited the community by supporting affordable housing efforts, providing equity equivalent investments and assisting with the capitalization of several affordable housing loan funds.

Special recognition goes out to all employees who raised funds for the victims, their families and relief workers impacted by the catastrophic events of September 11, 2001. Partnering with Jewel-Osco® in Illinois/Wisconsin and with the Minneapolis Fire Department in Minnesota, we raised over $3.2 million for the American Red Cross and the New York Police and Fire Widows' and Children's Benefit Fund.

TCF is proud of its employees who are striving to make a difference to those in need and supporting numerous programs vital to the well-being of our communities.

Corporate Philosophy

- TCF banks everybody, including lower- and middle-income customers and small to medium-sized businesses in our markets. TCF emphasizes convenience in banking; we're open up to 12 hours a day, seven days a week, 360+ days per year. We provide customers innovative products through multiple banking channels, including traditional and supermarket branches, TCF EXPRESS TELLER℠ ATMs, TCF Express Cards, phone banking, and Internet banking.

- TCF operates like a partnership. We're organized geographically and by function, with profit center goals and objectives. TCF emphasizes 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 "Totally Free Checking". TCF uses the checking 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 cost accounts through convenient services and products targeted to a broad range of customers. As a result of the profits we earn from the deposit business, we can minimize credit risk on the asset side.

- TCF utilizes conservative accounting and reporting principles that accurately and honestly report our financial condition and results of operations.

- 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 also 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 and promotes from within whenever possible. TCF 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 everyone in the communities we service.

This 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") and should be read in conjunction with the consolidated financial statements and other financial data beginning on page 44.

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 375 banking offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. Other affiliates provide leasing and equipment finance, mortgage banking, discount brokerage and investment and insurance 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 mature traditional bank branches, EXPRESS TELLER 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 convenience products and services 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, 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 234 supermarket branches, with more than $1.2 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 to serve the transportation, general middle-market equipment, lease discounting, and syndication sectors. See "Financial Condition – Loans and Leases." The Company's VISA® debit card program has also grown significantly since its inception in 1996. According to a September 30, 2001 statistical report issued by VISA, TCF is the 13th largest VISA debit card issuer in the United States, with 1.2 million cards outstanding and the 12th largest based on sales volume.

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 continued investment in de novo branch expansion, new loan and deposit products, including card products, designed to provide additional convenience to deposit and loan customers and to further leverage its EXPRESS TELLER ATM network. In June 2001, the Company launched its discount brokerage, TCF Express Trade, Inc. The Company is also planning to launch additional insurance and investment products in 2002.

Results of Operations

PERFORMANCE SUMMARY – TCF reported diluted earnings per common share of $2.70 for 2001, compared with $2.35 for 2000 and $2.00 for 1999. Net income was $207.3 million for 2001, up from $186.2 million for 2000 and $166 million for 1999. Return on average assets was 1.79% in 2001, compared with 1.72% in 2000 and 1.61% in 1999. Return on average realized common equity was 23.18% in 2001, compared with 21.53% in 2000 and 19.83% in 1999. Diluted cash earnings per common share, which excludes amortization of goodwill net of income tax benefits, was $2.80 for 2001, compared with $2.44 for 2000 and $2.09 for 1999. On the same basis, cash return on average assets was 1.86% for 2001, compared with 1.79% for 2000 and 1.69% for 1999, and cash return on average realized common equity was 24.03% for 2001, compared with 22.40% for 2000 and 20.74% for 1999.

FIVE YEAR FINANCIAL SUMMARY

Consolidated Income:

(Dollars in thousands, except per-share data)	2001	2000	1999	1998	1997	2001/2000	2000/1999
	Year Ended December 31,					Percentage Increase (Decrease)	
Top-line revenue[1]	**$ 848,529**	$ 761,999	$ 698,533	$ 661,429	$ 577,363	**11.4%**	9.1%
Net interest income	**$ 481,222**	$ 438,536	$ 424,213	$ 425,734	$ 393,596	**9.7**	3.4
Provision for credit losses	**20,878**	14,772	16,923	23,280	17,995	**41.3**	(12.7)
Non-interest income	**371,486**	336,276	313,693	284,681	221,815	**10.5**	7.2
Non-interest expense	**501,996**	457,202	447,892	421,886	356,509	**9.8**	2.1
Income before income tax expense	**329,834**	302,838	273,091	265,249	240,907	**8.9**	10.9
Income tax expense	**122,512**	116,593	107,052	109,070	95,846	**5.1**	8.9
Net income	**$ 207,322**	$ 186,245	$ 166,039	$ 156,179	$ 145,061	**11.3**	12.2
Per common share:							
Basic earnings	**$ 2.73**	$ 2.37	$ 2.01	$ 1.77	$ 1.72	**15.2**	17.9
Diluted earnings	**$ 2.70**	$ 2.35	$ 2.00	$ 1.76	$ 1.69	**14.9**	17.5
Diluted cash earnings[2]	**$ 2.80**	$ 2.44	$ 2.09	$ 1.84	$ 1.73	**14.8**	16.2
Dividends declared	**$ 1.00**	$ .825	$ .725	$ .6125	$ .46875	**21.2**	13.8

Consolidated Financial Condition:

(Dollars in thousands, except per-share data)	2001	2000	1999	1998	1997	2001/2000	2000/1999
	At December 31,					Percentage Increase (Decrease)	
Total assets	**$11,358,715**	$11,197,462	$10,661,716	$10,164,594	$9,744,660	**1.4%**	5.0%
Securities available for sale	**1,584,661**	1,403,888	1,521,661	1,677,919	1,426,131	**12.9**	(7.7)
Residential real estate loans	**2,733,290**	3,673,831	3,919,678	3,765,280	3,623,845	**(25.6)**	(6.3)
Other loans and leases	**5,510,912**	4,872,868	3,976,065	3,375,898	3,445,343	**13.1**	22.6
Checking, savings and money market deposits	**4,778,714**	4,086,219	3,712,988	3,756,558	3,301,647	**16.9**	10.1
Certificates	**2,320,244**	2,805,605	2,871,847	2,958,588	3,605,663	**(17.3)**	(2.3)
Borrowings	**3,023,025**	3,184,245	3,083,888	2,461,046	1,727,152	**(5.1)**	3.3
Stockholders' equity	**917,033**	910,220	808,982	845,502	953,680	**0.7**	12.5
Tangible equity	**762,327**	745,798	637,252	662,619	756,159	**2.2**	17.0
Per common share:							
Book value	**11.92**	11.34	9.87	9.88	10.27	**5.1**	14.9
Tangible equity	**9.91**	9.29	7.78	7.74	8.15	**6.7**	19.4

Key Ratios and Other Data:

	2001	2000	1999	1998	1997	2001/2000	2000/1999
	At or For the Year Ended December 31,					Percentage Increase (Decrease)	
Return on average assets	**1.79%**	1.72%	1.61%	1.62%	1.77%	**4.1%**	6.8%
Cash return on average assets[2]	**1.86**	1.79	1.69	1.70	1.82	**3.9**	5.9
Return on average realized common equity	**23.18**	21.53	19.83	17.51	19.57	**7.7**	8.6
Return on average common equity	**23.06**	22.64	20.34	17.34	19.45	**1.9**	11.3
Cash return on average realized common equity[2]	**24.03**	22.40	20.74	18.37	20.10	**7.3**	7.7
Average total equity to average assets	**7.78**	7.58	7.93	9.35	9.12	**2.6**	(4.4)
Average tangible equity to average assets	**6.40**	6.04	6.21	7.38	7.97	**6.0**	(2.7)
Average realized tangible equity to average assets	**6.36**	6.43	6.41	7.29	7.92	**(1.1)**	0.3
Net interest margin[3]	**4.51**	4.35	4.47	4.84	5.20	**3.7**	(2.7)
Common dividend payout ratio	**37.04%**	35.11%	36.25%	34.80%	27.74%	**5.5**	(3.1)
Number of banking locations	**375**	352	338	311	221	**6.5**	4.1
Number of checking accounts (in thousands)	**1,249**	1,131	1,032	913	772	**10.4**	9.6

(1) Top-line revenue consists of net interest income plus fees and other revenues excluding gains on sales of branches, securities available for sale, loan servicing and subsidiaries and title insurance revenues.

(2) Excludes amortization of goodwill, net of income tax benefit.

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

OPERATING SEGMENT RESULTS

Banking, comprised of deposits and investment products, commercial lending, consumer lending, residential lending and treasury services, reported net income of $180.5 million for 2001, up 9.9% from $164.3 million in 2000. Net interest income for 2001 was $423 million, compared with $397.9 million for 2000. The provision for credit losses totaled $7.4 million in 2001, down from $9.6 million in 2000. Non-interest income (excluding gains on sales of branches and securities available for sale) totaled $309.3 million, up 12.7% from $274.4 million in 2000. 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) totaled $432.3 million, up 7.7% from $401.2 million in 2000. 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 sales of underperforming branches.

TCF has significantly expanded its banking franchise in recent periods and had 375 banking branches at December 31, 2001. Since January 1, 1998, TCF has opened 193 new branches, of which 176 were supermarket branches. TCF continued to expand its retail banking franchise by opening 27 new branches during 2001. TCF anticipates opening between 25 and 30 new branches during 2002 (including approximately 15 more supermarket branches) and plans to continue expanding in future years.

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 $20.4 million for 2001, down 11.3% from $23 million in 2000. Results for 2001 reflect changes in methodologies of certain allocations from prior years. Leasing and equipment finance results include an increase of $1.5 million, after tax, in intercompany expense as a result of the change in methodologies. Net interest income for 2001 was $39.4 million, up 29.7% from $30.4 million in 2000. Leasing and equipment finance's provision for credit losses totaled $13.5 million in 2001, up from $5.2 million in 2000, primarily as a result of increased delinquencies and net charge-offs coupled with growth in the portfolio. Non-interest income totaled $45.7 million in 2001, up 18.9% from $38.5 million in 2000 due to higher levels of sales type lease revenues during 2001. Non-interest expense (excluding the amortization of goodwill) totaled $38.4 million in 2001, up 48.6% from $25.8 million in 2000 primarily as a result of the growth experienced in TCF Leasing.

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 $5.9 million for 2001, compared with $1.2 million for 2000. As a result of changes in methodologies of certain allocations in 2001, the 2001 results for the mortgage banking operating segment include a reduction in intercompany expense of $1.2 million, after tax, compared with 2000. Non-interest income totaled $15.4 million, down 1.7% from $15.7 million in 2000. This decrease in non-interest income from 2000 is primarily due to a $13.1 million decrease in net servicing income, partially offset by increases of $10.4 million in gains on sales of loans held for sale and $2.4 million in other income on higher volume of loan originations. The decline in net servicing income from 2000 is attributable to a $16 million increase in amortization and impairment of mortgage servicing rights, due to accelerating actual and assumed prepayments and increased volumes. As a result of declines in interest rates during 2001, the mortgage banking segment has experienced an increase in refinance activity. During 2001, this operating segment generated $3.7 billion in new loan applications and $2.6 billion in closed loans, up from $1.3 billion and $876.9 million, respectively for the same 2000 period. Refinances were 59% of originations for 2001, compared with 19% for 2000. TCF's mortgage pipeline (applications in process, but not yet closed) was $606.7 million at December 31, 2001, compared with $221.4 million at December 31, 2000. The third-party servicing portfolio was $4.7 billion at December 31, 2001, with a weighted average coupon of 7.13%, compared with $4 billion at December 31, 2000, with a weighted average coupon of 7.42%. Capitalized mortgage servicing rights totaled $58.3 million, or 1.25% of the servicing portfolio, at December 31, 2001, compared with $40.1 million, or 1.01%, at December 31, 2000. Non-interest expense totaled $20.9 million for 2001, up 7.5% from $19.4 million for 2000. Contributing to the increase in non-interest expense during 2001 were increased expenses resulting from the high level of loan originations during the year.

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 56.4% of TCF's revenue in 2001. 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 $481.2 million for the year ended December 31, 2001, compared with $438.5 million in 2000 and $424.2 million in 1999. This represents an increase of 9.7% in 2001, compared with an increase of 3.4% in 2000 and a decrease of .4% in 1999. Total average interest-earning assets increased 5.9% in 2001, following increases of 6.1% in 2000 and 7.9% in 1999. The net interest margin for 2001 was 4.51%, compared with 4.35% in 2000 and 4.47% in 1999.

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, 2001			Year Ended December 31, 2000			Year Ended December 31, 1999		
(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	**$ 164,362**	**$ 8,966**	**5.46%**	$ 139,840	$ 10,041	7.18%	$ 142,494	$ 9,411	6.60%
Securities available for sale[2]	**1,706,093**	**112,267**	**6.58**	1,500,225	99,185	6.61	1,689,257	111,032	6.57
Loans held for sale	**379,045**	**24,266**	**6.40**	220,560	17,130	7.77	199,073	13,367	6.71
Loans and leases:									
Consumer	**2,346,349**	**215,438**	**9.18**	2,139,135	218,577	10.22	1,971,069	199,103	10.10
Commercial real estate	**1,490,616**	**116,128**	**7.79**	1,195,985	103,181	8.63	933,227	78,033	8.36
Commercial business	**409,685**	**29,893**	**7.30**	367,072	33,483	9.12	341,378	27,425	8.03
Leasing and equipment finance	**918,915**	**89,131**	**9.70**	650,616	69,960	10.75	410,245	47,077	11.48
Subtotal	**5,165,565**	**450,590**	**8.72**	4,352,808	425,201	9.77	3,655,919	351,638	9.62
Residential real estate	**3,251,328**	**230,520**	**7.09**	3,860,025	275,124	7.13	3,808,062	266,653	7.00
Total loans and leases[3]	**8,416,893**	**681,110**	**8.09**	8,212,833	700,325	8.53	7,463,981	618,291	8.28
Total interest-earning assets	**10,666,393**	**826,609**	**7.75**	10,073,458	826,681	8.21	9,494,805	752,101	7.92
Other assets[4]	**886,713**			773,799			798,494		
Total assets	**$11,553,106**			$10,847,257			$10,293,299		
Liabilities and Stockholders' Equity:									
Non-interest bearing deposits	**$ 1,580,907**			$ 1,328,932			$ 1,177,723		
Interest-bearing deposits:									
Checking	**790,023**	**3,549**	**.45**	739,429	4,391	.59	711,440	4,043	.57
Savings	**1,018,730**	**7,472**	**.73**	1,036,861	11,571	1.12	1,111,104	12,435	1.12
Money market	**902,091**	**21,144**	**2.34**	758,240	25,139	3.32	728,522	19,074	2.62
Subtotal	**2,710,844**	**32,165**	**1.19**	2,534,530	41,101	1.62	2,551,066	35,552	1.39
Certificates	**2,607,009**	**130,562**	**5.01**	2,824,456	155,993	5.52	2,888,968	139,943	4.84
Total interest-bearing deposits	**5,317,853**	**162,727**	**3.06**	5,358,986	197,094	3.68	5,440,034	175,495	3.23
Total deposits	**6,898,760**	**162,727**	**2.36**	6,687,918	197,094	2.95	6,617,757	175,495	2.65
Borrowings:									
Short-term borrowings	**1,097,688**	**44,800**	**4.08**	767,302	49,218	6.41	601,224	32,333	5.38
Long-term borrowings	**2,345,742**	**137,860**	**5.88**	2,331,400	141,833	6.08	2,072,734	120,060	5.79
Total borrowings	**3,443,430**	**182,660**	**5.30**	3,098,702	191,051	6.17	2,673,958	152,393	5.70
Total interest-bearing liabilities	**8,761,283**	**345,387**	**3.94**	8,457,688	388,145	4.59	8,113,992	327,888	4.04
Total deposits and borrowings	**10,342,190**	**345,387**	**3.34**	9,786,620	388,145	3.97	9,291,715	327,888	3.53
Other liabilities[4]	**311,871**			238,047			185,393		
Total liabilities	**10,654,061**			10,024,667			9,477,108		
Stockholders' equity[4]	**899,045**			822,590			816,191		
Total liabilities and stockholders' equity	**$11,553,106**			$10,847,257			$10,293,299		
Net interest income and margin		**$481,222**	**4.51%**		$438,536	4.35%		$424,213	4.47%

(1) Tax-exempt income was not significant and thus has not been presented on a tax equivalent basis. Tax-exempt income of $156,000, $181,000 and $189,000 was recognized during the years ended December 31, 2001, 2000 and 1999, 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, 2001 Versus Same Period in 2000			Year Ended December 31, 2000 Versus Same Period in 1999		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
(In thousands)	Volume(1)	Rate(1)	Total	Volume(1)	Rate(1)	Total
Investments	$ 1,579	$ (2,654)	$ (1,075)	$ (179)	$ 809	$ 630
Securities available for sale	13,534	(452)	13,082	(12,518)	671	(11,847)
Loans held for sale	10,583	(3,447)	7,136	1,528	2,235	3,763
Loans and leases:						
Consumer	20,168	(23,307)	(3,139)	12,012	7,462	19,474
Commercial real estate	23,682	(10,735)	12,947	22,560	2,588	25,148
Commercial business	3,594	(7,184)	(3,590)	2,161	3,897	6,058
Leasing and equipment finance	26,546	(7,375)	19,171	26,046	(3,163)	22,883
Subtotal	73,990	(48,601)	25,389	62,779	10,784	73,563
Residential real estate	(43,072)	(1,532)	(44,604)	3,588	4,883	8,471
Total loans and leases	30,918	(50,133)	(19,215)	66,367	15,667	82,034
Total interest income	56,614	(56,686)	(72)	55,198	19,382	74,580
Deposits:						
Checking	275	(1,117)	(842)	184	164	348
Savings	(196)	(3,903)	(4,099)	(864)	–	(864)
Money market	4,252	(8,247)	(3,995)	804	5,261	6,065
Subtotal	4,331	(13,267)	(8,936)	124	5,425	5,549
Certificates	(11,559)	(13,872)	(25,431)	(3,187)	19,237	16,050
Total deposits	(7,228)	(27,139)	(34,367)	(3,063)	24,662	21,599
Borrowings:						
Short-term borrowings	16,993	(21,411)	(4,418)	9,973	6,912	16,885
Long-term borrowings	843	(4,816)	(3,973)	15,537	6,236	21,773
Total borrowings	17,836	(26,227)	(8,391)	25,510	13,148	38,658
Total interest expense	10,608	(53,366)	(42,758)	22,447	37,810	60,257
Net interest income	$ 46,006	$ (3,320)	$ 42,686	$ 32,751	$(18,428)	$ 14,323

(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 volume and mix of interest-earning assets and interest-bearing liabilities, the movement of interest rates 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 cost retail deposits. If variable index rates (e.g., prime) were to decline, TCF may experience 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 home equity 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 or if the rates paid for short-term and long-term borrowings increase faster, or to a greater extent, than the increase in the yield or interest-rate-sensitive assets. See "Financial Condition – Market Risk – Interest-Rate Risk" and "Financial Condition – Deposits."

In 2001, TCF's net interest income increased $42.7 million, or 9.7%, and total average interest-earning assets increased by $592.9 million, or 5.9%, compared with 2000 levels. TCF's net interest income improved by $46 million due to volume changes and decreased $3.3 million due to rate changes. The increases in net interest income and net interest margin are primarily due to the growth in higher yielding commercial and consumer loans and leasing and equipment finance along with the strong growth in low-cost checking, savings and money market deposits, as well as the decrease in interest rates and interest paid on certificates and borrowings. These favorable trends were partially offset by the anticipated reduction in residential real estate loans. Interest income decreased by $72,000 in 2001 reflecting a decrease of $56.7 million due to rate, substantially offset by an increase of $56.6 million

due to volume changes. Interest expense decreased $42.8 million in 2001, reflecting a decrease of $53.4 million due to lower cost of funds, partially offset by a $10.6 million increase due to volume changes. 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 the impact of declining rates on interest earning assets greater than the impact of declining rates on interest bearing liabilities.

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 $18.4 million due to rate changes. The favorable impact of the growth in consumer lending 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 borrowings 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 $37.8 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.

PROVISION FOR CREDIT LOSSES – TCF provided $20.9 million for credit losses in 2001, compared with $14.8 million in 2000 and $16.9 million in 1999. Net loan and lease charge-offs were $12.5 million, or .15% of average loans and leases, in 2001, compared with $3.9 million, or .05%, in 2000 and $26.4 million, or .35% of average loans and leases in 1999. The increase in provisions and net loan and lease charge-offs from 2000 reflects the impact of the growth in commercial loan and leasing and equipment finance portfolios coupled with increased charge-offs in the leasing and equipment finance portfolio. Leasing and equipment finance net charge-offs were $9.1 million, or 1% of related average loans and leases during 2001, compared with $2.2 million, or .33% in 2000 and $1.6 million, or .39% of related average loans and leases in 1999. The provision for credit losses is calculated as part of the determination of the allowance for loan and lease losses. The determination of the allowance for loan and lease losses and the related provision for credit losses is a critical accounting policy which involves a number of factors such as net charge-offs, delinquencies in the loan and lease portfolio, general economic conditions and management's assessment of credit risk in the current loan and lease portfolio. The allowance for loan and lease losses totaled $75 million at December 31, 2001, compared with $66.7 million at December 31, 2000, and was 144% 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 43.6% of total revenues in 2001, 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 and title insurance revenues, non-interest income increased $43.8 million, or 13.6%, during 2001 to $367.3 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 primarily reflect the increase in the number of retail checking accounts, which totaled 1,249,000 accounts at December 31, 2001, up from 1,131,000 at December 31, 2000. The average annual fee revenue per retail checking account was $209 for 2001, compared with $190 for 2000.

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

(Dollars in thousands)	Year Ended December 31,					Percentage Increase (Decrease)	
	2001	2000	1999	1998	1997	**2001/2000**	2000/1999
Fees and service charges	**$194,321**	$166,240	$138,198	$109,934	$ 83,993	**16.9%**	20.3%
Electronic funds transfer revenues	**87,134**	78,101	67,144	50,556	30,808	**11.6**	16.3
Leasing and equipment finance	**45,730**	38,442	28,505	31,344	32,025	**19.0**	34.9
Mortgage banking	**12,042**	10,519	12,770	16,877	13,768	**14.5**	(17.6)
Investments and insurance	**11,535**	12,266	14,849	13,926	11,892	**(6.0)**	(17.4)
Other	**16,545**	17,895	12,854	13,058	11,281	**(7.5)**	39.2
Fees and other revenues	**367,307**	323,463	274,320	235,695	183,767	**13.6**	17.9
Gains on sales of:							
Branches	**3,316**	12,813	12,160	18,585	14,187	**(74.1)**	5.4
Securities available for sale	**863**	–	3,194	2,246	8,509	**N.M.**	(100.0)
Loan servicing	**–**	–	3,076	2,414	1,622	**–**	(100.0)
Subsidiaries and joint venture interest	**–**	–	5,522	5,580	–	**–**	(100.0)
Title insurance revenues[1]	**–**	–	15,421	20,161	13,730	**–**	(100.0)
Other non-interest income	**4,179**	12,813	39,373	48,986	38,048	**(67.4)**	(67.5)
Total non-interest income	**$371,486**	$336,276	$313,693	$284,681	$221,815	**10.5**	7.2
Fees and other revenues as a percentage of top-line revenues	**43.29%**	42.45%	39.27%	35.63%	31.83%		
Fees and other revenues as a percentage of average assets	**3.18**	2.98	2.67	2.45	2.25		

(1) Title insurance business was sold in 1999.

N.M. Not meaningful.

Fees and service charges increased $28.1 million, or 16.9%, in 2001 and $28 million, or 20.3%, in 2000, primarily as a result of expanded retail banking activities. These increases reflect the impact of the investment in de novo branch expansion and the increase in the number of retail checking accounts and per account revenues noted above.

Electronic funds transfer revenues increased $9 million, or 11.6%, in 2001 and $11 million, or 16.3%, in 2000. These increases reflect TCF's efforts to provide banking services through its EXPRESS TELLER ATM network and TCF Express Cards. Included in electronic funds transfer revenues are Express Card interchange fees of $37.4 million, $28.7 million and $19.5 million for 2001, 2000 and 1999, respectively. The significant increase in these fees reflects an increase in the distribution of Express Cards, and an increase in utilization resulting from TCF's phone card promotion which rewards customers with long distance minutes based on usage, a promotion begun in February 2000. TCF had 1.4 million EXPRESS TELLER ATM cards outstanding at December 31, 2001, of which 1.2 million were Express Cards. At December 31, 2000, TCF had 1.2 million EXPRESS TELLER ATM cards outstanding, of which 1.1 million were Express Cards. The percentage of TCF's checking account base with Express Cards increased to 78.3% during 2001, from 74.8% during 2000. The percentage of these customers who were active Express Card users increased to 51.3% during 2001, from 49.3% during 2000. The average number of transactions per month on active Express Cards increased to 10.92 during 2001, from 9.99 during 2000. Also included in electronic funds transfer revenues are ATM revenues of $45.8 million, $47.3 million and $46.4 million for 2001, 2000 and 1999, respectively. The decline in ATM revenues in 2001 was attributable to fewer ATM machines coupled with a decline in utilization of machines by non-customers as the number of alternative ATM machines has increased and as check card usage has reduced the need for cash by customers. Additionally, as contracts are renewed and entered into, merchants have generally required larger percentages of the fee charged to non-customers. At December 31, 2001, TCF had 1,341 EXPRESS TELLER ATM's in its network compared with 1,384 EXPRESS TELLER ATM's at December 31, 2000. In 2002, the contracts covering 256 EXPRESS TELLER ATM's will expire and not be renewed. The expiration of the contracts on these machines is not expected to have a material impact on future ATM revenues.

Leasing and equipment finance revenues increased $7.3 million, or 19%, in 2001 to $45.7 million, following an increase of $9.9 million or 34.9%, in 2000 to $38.4 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 and equipment finance revenues for 2001 is primarily due to increases of $3.6 million from sales-type lease transactions, $3.1 million from operating lease transactions and $644,000 in other revenues. The increase in total leasing revenues for 2000 was 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. 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.

The following table sets forth information about mortgage banking revenues:

	Year Ended December 31,					Percentage Increase (Decrease)	
(Dollars in thousands)	**2001**	2000	1999	1998	1997	**2001/2000**	2000/1999
Servicing income	**$16,932**	$12,642	$12,981	$17,146	$17,093	**33.9%**	(2.6)%
Less: Mortgage servicing amortization and impairment	**20,964**	5,326	4,906	6,814	4,853	**N.M.**	8.6
Net servicing income (loss)	**(4,032)**	7,316	8,075	10,332	12,240	**N.M.**	(9.4)
Gains on sales of loans	**11,795**	1,347	3,194	4,536	1,229	**N.M.**	(57.8)
Other income	**4,279**	1,856	1,501	2,009	299	**130.5**	23.7
Total mortgage banking	**$12,042**	$10,519	$12,770	$16,877	$13,768	**14.5**	(17.6)

N.M. Not meaningful.

Mortgage banking revenues increased $1.5 million or 14.5% in 2001, following a decrease of $2.3 million or 17.6% in 2000. The increase in revenues during 2001 is attributable to increased loan origination and sale activity, partially offset by increased amortization and impairment of mortgage service rights due to high levels of actual and assumed prepayments and increased volumes. The decrease in total mortgage banking revenues for 2000 was primarily due to a decline in gains on sales of loans and net servicing income due to lower levels of originations of mortgages and the related servicing rights. At December 31, 2001, 2000 and 1999, TCF was servicing mortgage loans for others with aggregate unpaid principal balances of $4.7 billion, $4 billion and $2.9 billion, respectively.

As noted above, mortgage banking revenues are impacted by the amount of amortization and impairment of mortgage servicing rights. The capitalization, amortization and impairment of mortgage servicing rights are critical accounting policies to TCF and are subject to significant estimates. These estimates are based upon loan types, note rates and prepayment assumptions for the overall portfolio. Changes in the mix of loans, interest rates, defaults or prepayment speeds may have a material effect on the amortization amount and possible impairment in valuation. In a declining interest rate environment, prepayments will increase and result in an acceleration in the amortization of the mortgage servicing rights as the underlying portfolio declines and also may result in impairment valuation charges as the value of the mortgage servicing rights decline. TCF periodically evaluates its capitalized mortgage servicing rights for impairment. Any impairment is recognized through a valuation allowance. See Notes 1 and 9 of Notes to Consolidated Financial Statements for additional information concerning TCF's mortgage servicing rights.

The following table summarizes the prepayment speed assumptions used in the determination of the valuation and amortization of mortgage servicing rights as of December 31, 2001:

(Dollars in thousands) Interest Rate Tranche	Unpaid Balance	Prepayment Speed Assumption	Weighted Average Life (in Years)
0 to 7.00%	$2,386,402	12.4%	7.4
7.01 to 8.00%	1,993,510	17.9	5.1
8.01 to 9.00%	275,001	27.8	3.1
9.01% and higher	24,442	29.4	2.6
	$4,679,355	14.9	6.2

Investments and insurance income, consisting principally of commissions on sales of annuities and mutual funds, decreased $731,000 to $11.5 million in 2001, following a decrease of $2.6 million to $12.3 million in 2000. Annuity and mutual fund sales volumes totaled $165 million for the year ended December 31, 2001, compared with $170.2 million during 2000. The decreased sales volumes during 2001 reflect the impact of lower yields offered by insurance companies on annuity products, and the volatility of the stock market affecting sales of mutual funds. Sales of insurance and investments 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.

During 2001, TCF recognized a gain of $3.3 million on the sale of a branch with $30 million in deposits, compared with gains of $12.8 million on the sales of six branches with $95.7 million in deposits during 2000. TCF recognized gains of $12.2 million on the sales of eight branches with $116.7 million in deposits in 1999. 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 2002.

Gains on sales of securities available for sale totaled $863,000 in 2001. There were no sales of securities available for sale during 2000. Sales of securities available for sale produced gains of $3.2 million in 1999. In 1999, TCF recognized $3.1 million in gains on sales of $344.6 million of third-party loan servicing rights. No sales of third-party loan servicing rights occurred during 2000 and 2001. 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. TCF earned and recognized in other non-interest income $5.2 million and $4.5 million during 2001 and 2000, respectively. 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.

NON-INTEREST EXPENSE – Non-interest expense increased $44.8 million, or 9.8%, in 2001, and $9.3 million, or 2.1%, in 2000, compared with the respective prior years. The following table presents the components of non-interest expense:

	Year Ended December 31,					Percentage Increase (Decrease)	
(Dollars in thousands)	**2001**	2000	1999	1998	1997	**2001/2000**	2000/1999
Compensation and employee benefits	**$267,716**	$239,544	$239,053	$217,401	$180,482	**11.8%**	.2%
Occupancy and equipment	**78,774**	74,938	73,613	71,323	58,352	**5.1**	1.8
Advertising and promotions	**20,909**	19,181	16,981	19,544	19,157	**9.0**	13.0
Amortization of goodwill	**7,777**	7,706	7,713	7,816	4,069	**.9**	(.1)
Other	**126,820**	115,833	110,532	105,802	94,449	**9.5**	4.8
Total non-interest expense	**$501,996**	$457,202	$447,892	$421,886	$356,509	**9.8**	2.1

Compensation and employee benefits, representing 53.3% and 52.4% of total non-interest expense in 2001 and 2000, respectively, increased $28.2 million, or 11.8%, in 2001, and $491,000, or .2%, in 2000. The 2001 increase of 11.8% was primarily due to costs associated with expanded retail banking and leasing activities. Also contributing to the increase during 2001 is the increase in compensation and benefits resulting from the significant increase in mortgage banking activities. The slight increase in 2000 is the result of increases in expanded retail and leasing activities offset by the cost savings from the sale of TCF's title insurance and appraisal operations during the fourth quarter of 1999.

Occupancy and equipment expenses increased $3.8 million in 2001 and $1.3 million in 2000. The increases were primarily due to TCF's expanded retail banking and leasing activities, partially offset by branch sales.

Advertising and promotion expenses increased $1.7 million in 2001 following an increase of $2.2 million in 2000. These increases are primarily due to retail banking activities and promotional expenses associated with the TCF Express Phone Card, where customers earn free long distance phone minutes for use of their Express Cards. TCF awarded over 67 million and 38 million phone minutes during 2001 and 2000, respectively, under this promotion.

Other non-interest expense increased $11 million, or 9.5%, in 2001, primarily the result of increased expenses associated with higher levels of activity in mortgage banking and expanded retail banking and leasing operations. In 2000, other non-interest expense

increased $5.3 million, or 4.8%, reflecting costs associated with expanded retail banking and leasing activities, including increases in deposit account losses. A summary of other expense is presented in Note 24 of Notes to Consolidated Financial Statements.

INCOME TAXES – TCF recorded income tax expense of $122.5 million in 2001, compared with $116.6 million in 2000 and $107.1 million in 1999. Income tax expense represented 37.14% of income before income tax expense during 2001, compared with 38.5% and 39.2% in 2000 and 1999, respectively. The lower tax rates in 2001 and 2000 primarily reflect the impact of favorable conclusion of prior years taxes, lower state income taxes and the reduced effect of non-deductible expenses as a percent of pre-tax net income.

The determination of current and deferred income taxes is a critical accounting policy which is based on complex analyses of many factors including interpretation of Federal and state income tax laws, the differences between tax and financial reporting basis of assets and liabilities (temporary differences), estimates of amounts due or owed such as the timing of reversal of temporary differences and current financial accounting standards. Actual results could differ significantly from the estimates and interpretations used in determining the current and deferred income tax liabilities. Further detail on income taxes is provided in Note 13 of Notes to Consolidated Financial Statements.

Consolidated Financial Condition Analysis

INVESTMENTS – Total investments, which include interest-bearing deposits with banks, federal funds sold, Federal Home Loan Bank ("FHLB") stock, Federal Reserve Bank stock and other investments, increased $21.9 million in 2001 to $155.9 million at December 31, 2001. The increase primarily reflects an increase of $20.7 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, 2001 or 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 increased $180.8 million during 2001 to $1.6 billion at December 31, 2001. This increase reflects purchases of $567.3 million of mortgage-backed securities in March 2001 in response to expected declines in the residential real estate loan portfolio, partially offset by sales of $33.6 million in mortgage-backed securities and normal payment and prepayment activity. At December 31, 2001, TCF's securities available-for-sale portfolio included $1.5 billion and $47.2 million of fixed-rate and adjustable-rate mortgage-backed securities, respectively. Net unrealized pre-tax gains on securities available for sale totaled $9.8 million at December 31, 2001, compared with net unrealized pre-tax losses of $15.6 million at December 31, 2000.

LOANS HELD FOR SALE – Loans held for sale included residential mortgage and education loans. Education loans held for sale were $165.1 million and $153.2 million at December 31, 2001 and 2000, respectively. Residential mortgage loans held for sale were $286.6 million and $74.5 million at December 31, 2001 and 2000, respectively. The increase in residential mortgage loans held for sale reflects the increase in refinance activity experienced in the mortgage banking segment as a result of the decline in interest rates.

LOANS AND LEASES – The following table sets forth information about loans and leases held in TCF's portfolio, excluding loans held for sale:

	Year Ended December 31,					Percentage Increase (Decrease)	
(Dollars in thousands)	**2001**	2000	1999	1998	1997	**2001/2000**	2000/1999
Consumer	**$2,509,333**	$2,234,134	$2,058,584	$1,876,554	$1,976,699	**12.3%**	8.5%
Commercial real estate	**1,622,461**	1,371,841	1,073,472	811,428	859,916	**18.3**	27.8
Commercial business	**422,381**	410,422	351,353	289,104	240,207	**2.9**	16.8
Leasing and equipment finance	**956,737**	856,471	492,656	398,812	368,521	**11.7**	73.8
Subtotal	**5,510,912**	4,872,868	3,976,065	3,375,898	3,445,343	**13.1**	22.6
Residential real estate	**2,733,290**	3,673,831	3,919,678	3,765,280	3,623,845	**(25.6)**	(6.3)
Total loans and leases	**$8,244,202**	$8,546,699	$7,895,743	$7,141,178	$7,069,188	**(3.5)**	8.2

Loans and leases decreased $302.5 million from year-end 2000 to $8.2 billion at December 31, 2001, reflecting increases of $275.2 million in consumer loans, $250.6 million in commercial real estate loans and $100.3 million in leasing and equipment finance, respectively, offset by an anticipated decrease of $940.5 million in residential real estate loans. At December 31, 2001, TCF's residential real estate loan portfolio was comprised of $1.5 billion of fixed-rate loans and $1.2 billion of adjustable-rate loans. The decline in the residential portfolio during 2001 was due to accelerating prepayments brought on by the declining interest rate environment. 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 $275.2 million from year-end 2000 to $2.5 billion at December 31, 2001, reflecting an increase of $291.6 million in home equity loans. Approximately 70% of the home equity loan portfolio at December 31, 2001 consists of closed-end loans, compared with 68% at December 31, 2000. In addition, 51% of this portfolio carries a variable interest rate, compared with 47% at December 31, 2000. As a result of falling interest rates during 2001, $946 million of the variable rate consumer loans were at their interest rate floors as of December 31, 2001. These loans will remain at their interest rate floor until interest rates rise above the floor rate. An increase in the TCF base interest rate of 100 basis points would result in the repricing of $366.9 million of variable rate consumer loans currently at their floor. A 200 basis point increase in the TCF base interest rate would result in a total of $654.5 million of these loans repricing at interest rates above their current floor.

As a result of the tiered pricing structure introduced in early 1999 for its home equity loans, 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 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. Notwithstanding the above mentioned increase, the weighted average loan-to-value ratio for the home equity loan portfolio at December 31, 2001 was 72%, compared with 77% at December 31, 2000.

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

	At December 31,					
(Dollars in thousands)	**2001**			2000		
Loan-to-Value Ratios[1]	**Balance**	**Percent of Total**	**Over 30-Day Delinquency as a Percentage of Portfolio**	Balance	Percent of Total	Over 30-Day Delinquency as a Percentage of Portfolio
Over 105%[2]	**$ 10,203**	**.4%**	**2.69%**	$ 5,766	.3%	—%
Over 100%-105%[2]	**56,375**	**2.3**	**1.43**	39,867	1.8	2.10
Over 90% to 100%	**396,333**	**16.2**	**.69**	486,536	22.6	.97
Over 80% to 90%	**802,094**	**32.8**	**.64**	648,218	30.1	.93
80% or less	**1,178,783**	**48.3**	**.69**	971,760	45.2	.77
Total	**$2,443,788**	**100.0%**	**.70**	$2,152,147	100.0%	.89

(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.

(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:

(Dollars in thousands)	At December 31, 2001			2000		
	Balance	Number of Loans	Over 30-Day Delinquency as a Percentage of Portfolio	Balance	Number of Loans	Over 30-Day Delinquency as a Percentage of Portfolio
Apartments	$ 431,679	586	.03%	$ 326,594	544	.12%
Office buildings	364,357	283	.08	318,230	279	–
Retail services	217,408	243	–	171,747	221	.05
Hotels and motels	144,424	34	–	159,383	34	–
Warehouse/industrial buildings	159,090	165	–	120,852	156	–
Health care facilities	24,698	15	–	28,783	18	–
Other	280,805	448	.04	246,252	546	.54
	$1,622,461	1,774	.03	$1,371,841	1,798	.13

Commercial real estate loans increased $250.6 million from year-end 2000 to $1.6 billion at December 31, 2001. Commercial business loans increased $12 million in 2001 to $422.4 million at December 31, 2001. TCF continues to expand its commercial business and commercial real estate lending activity to borrowers located in its primary midwestern markets. With a primary focus on secured lending, at December 31, 2001, approximately 98% of TCF's commercial real estate and commercial business loans are secured either by properties or underlying business assets. At December 31, 2001 and December 31, 2000, the construction and development portfolio included $31.5 million and $28 million, respectively, of hotel and motel loans and $2.5 million and $1.9 million, respectively, of apartment loans. At December 31, 2001, approximately 86% of TCF's commercial real estate loans outstanding were secured by properties located in its primary markets.

The following table summarizes TCF's leasing and equipment finance portfolio:

(Dollars in thousands)	At December 31, 2001			2000		
	Balance	Percent of Total	Over 30-Day Delinquency as a Percentage of Portfolio	Balance	Percent of Total	Over 30-Day Delinquency as a Percentage of Portfolio
Winthrop[1]	$307,335	32.1%	.24%	$357,113	41.7%	.73%
Wholesale[2]	204,792	21.4	.28	160,050	18.7	.35
Middle market	181,826	19.0	2.14	86,532	10.1	1.66
Truck and trailer	144,485	15.1	7.59	152,740	17.8	6.84
Small ticket[3]	100,691	10.5	1.17	82,867	9.7	.80
Leveraged lease	17,608	1.9	–	17,169	2.0	–
Total	$956,737	100.0%	1.84	$856,471	100.0%	1.83

(1) Winthrop consists primarily of high-tech equipment, computers, telecommunications and point of sale equipment.

(2) Wholesale includes the discounting and purchase or origination of lease receivables sourced by third party lessors.

(3) Small ticket includes lease financings to small- and mid-size companies through programs with vendors, manufacturers, distributors and franchise organizations. Individual contracts generally range from $25,000 to $250,000.

Leasing and equipment finance increased $100.3 million from year-end 2000 to $956.7 million at December 31, 2001. At December 31, 2001, $143.7 million or 20.6% 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 $165.8 million or 25.4% at December 31, 2000. Total loan and lease originations for TCF's leasing businesses were $492.3 million during 2001, compared with $648.1 million in 2000 and $327.3 million in 1999. The leasing and equipment finance businesses have experienced a slowdown in originations due

to the current economy. At December 31, 2001, the backlog of approved transactions related to TCF's leasing businesses totaled $126.1 million, compared with $165.6 million at December 31, 2000. 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. The investment in a leveraged lease represents a 100% equity interest in a Boeing 767 aircraft on lease to Delta Airlines in the United States. The aircraft is in service, the lessee is current on the lease payments and the lease expires in 2010. This lease represents TCF's only material direct exposure to the commercial airline industry. TCF's expanded leasing activity is subject to risk of cyclical downturns and other adverse economic developments affecting these industries and markets. 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 is a lower demand for some types of equipment which TCF leases, resulting in a decline in the amount of new equipment being placed into service. TCF Leasing has originated most of its portfolio during recent periods, and consequently the performance of this portfolio may not be reflective of future results and credit quality.

Loans and leases outstanding at December 31, 2001 are shown in the following table by maturity:

	At December 31, 2001(1)					
(In thousands)	Consumer	Commercial Real Estate	Commercial Business	Leasing and Equipment Finance	Residential Real Estate	Total Loans and Leases
Amounts due:						
Within 1 year	$ 105,145	$ 226,205	$223,956	$ 353,403	$ 96,619	$1,005,328
After 1 year:						
1 to 2 years	98,836	144,017	86,765	274,793	97,549	701,960
2 to 3 years	110,143	120,444	59,135	184,754	99,774	574,250
3 to 5 years	180,394	264,999	40,975	235,278	205,893	927,539
5 to 10 years	607,274	673,189	7,007	–	495,478	1,782,948
10 to 15 years	1,077,266	144,375	87	–	432,558	1,654,286
Over 15 years	341,158	53,212	3,874	–	1,299,601	1,697,845
Total after 1 year	2,415,071	1,400,236	197,843	694,825	2,630,853	7,338,828
Total	$2,520,216	$1,626,441	$421,799	$1,048,228	$2,727,472	$8,344,156
Amounts due after 1 year on:						
Fixed-rate loans and leases	$1,195,400	$ 279,948	$ 65,426	$ 694,825	$1,447,277	$3,682,876
Adjustable-rate loans	1,219,671	1,120,288	132,417	–	1,183,576	3,655,952
Total after 1 year	$2,415,071	$1,400,236	$197,843	$ 694,825	$2,630,853	$7,338,828

(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.

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. As discussed previously, the determination of the allowance for loan and lease losses is a critical accounting policy which involves estimates and management's judgment on a number of factors such as net charge-offs, delinquencies in the loan and lease portfolio and general and economic conditions. The Company considers the allowance for loan and lease losses of $75 million adequate to cover losses inherent in the loan and lease portfolio as of December 31, 2001. However, no assurance can be given that TCF will not, in any particular period, sustain loan and lease losses that are sizable in relation to the amount reserved, or that subsequent evaluations of the loan and lease portfolio, in light of factors then prevailing, including economic conditions and the ongoing credit review process by TCF, will not require significant increases in the allowance for loan and lease losses. A protracted economic slowdown and/or a decline in real estate may have an adverse impact on the adequacy of the allowance for loan and lease losses by increasing credit risk and the risk of potential loss. See Notes 1 and 7 of Notes to Consolidated Financial Statements for additional information concerning TCF's allowance for loan and lease losses.

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

(Dollars in thousands)	2001	2000	1999	1998	1997
		Year Ended December 31,			
Balance at beginning of year	**$ 66,669**	$ 55,755	$ 80,013	$ 82,583	$ 71,865
Acquired balance	**–**	–	–	–	10,592
Transfers to loans held for sale	**–**	–	(14,793)	–	–
Charge-offs:					
Consumer	**(6,605)**	(7,041)	(31,509)	(30,108)	(21,660)
Commercial real estate	**(122)**	(76)	(674)	(1,294)	(927)
Commercial business	**(429)**	(143)	(52)	(42)	(1,485)
Leasing and equipment finance	**(9,794)**	(2,426)	(2,008)	(979)	(2,297)
Residential real estate	**(1)**	(15)	(155)	(291)	(444)
	(16,951)	(9,701)	(34,398)	(32,714)	(26,813)
Recoveries:					
Consumer	**3,487**	4,576	5,831	5,222	3,141
Commercial real estate	**103**	295	1,381	559	2,530
Commercial business	**193**	690	329	635	2,488
Leasing and equipment finance	**649**	254	398	345	618
Residential real estate	**–**	28	71	103	167
	4,432	5,843	8,010	6,864	8,944
Net charge-offs	**(12,519)**	(3,858)	(26,388)	(25,850)	(17,869)
Provision charged to operations	**20,878**	14,772	16,923	23,280	17,995
Balance at end of year	**$ 75,028**	$ 66,669	$ 55,755	$ 80,013	$ 82,583
Ratio of net loan and lease charge-offs to average loans and leases outstanding	**.15%**	.05%	.35%	.36%	.30%
Year-end allowance as a percentage of year-end total loan and lease balances	**.91**	.78	.71	1.12	1.17
Year-end allowance as a percentage of year-end loans and leases excluding residential real estate loans	**1.32**	1.31	1.33	2.27	2.30

The allocation of TCF's allowance for loan and lease losses, including general and specific loss allocations, is as follows:

(Dollars in thousands)	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
	At December 31,					Allocations as a Percentage of Total Loans and Leases Outstanding by Type At December 31,				
Consumer	**$ 8,355**	$ 9,764	$10,701	$32,011	$28,129	**.33%**	.44%	.52%	1.71%	1.42%
Commercial real estate	**24,459**	20,753	12,708	12,525	15,065	**1.51**	1.51	1.18	1.54	1.75
Commercial business	**12,117**	9,668	8,256	5,756	4,520	**2.87**	2.36	2.35	1.99	1.88
Leasing and equipment finance	**11,774**	7,583	4,237	2,955	2,004	**1.23**	.89	.86	.74	.54
Unallocated	**16,139**	16,139	16,839	23,295	29,364	**N.A.**	N.A.	N.A.	N.A.	N.A.
Subtotal	**72,844**	63,907	52,741	76,542	79,082	**1.32**	1.31	1.33	2.27	2.30
Residential real estate	**2,184**	2,762	3,014	3,471	3,501	**.08**	.08	.08	.09	.10
Total allowance balance	**$75,028**	$66,669	$55,755	$80,013	$82,583	**.91**	.78	.71	1.12	1.17

N.A. Not applicable.

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

(Dollars in thousands)	**At December 31, 2001** Allowance for Loan and Lease Losses	Total Loans and Leases	Allowance as a % of Portfolio	Net Charge Offs[1]	At December 31, 2000 Allowance for Loan and Lease Losses	Total Loans and Leases	Allowance as a % of Portfolio	Net Charge Offs[1]
Consumer	**$ 8,355**	**$2,509,333**	**.33%**	**.13%**	$ 9,764	$2,234,134	.44%	.12%
Commercial real estate	**24,459**	**1,622,461**	**1.51**	**–**	20,753	1,371,841	1.51	(.02)
Commercial business	**12,117**	**422,381**	**2.87**	**.06**	9,668	410,422	2.36	(.15)
Leasing and equipment finance	**11,774**	**956,737**	**1.23**	**1.00**	7,583	856,471	.89	.33
Unallocated	**16,139**	**–**	**N.A.**	**N.A.**	16,139	–	N.A.	N.A.
Subtotal	**72,844**	**5,510,912**	**1.32**	**.24**	63,907	4,872,868	1.31	.09
Residential real estate	**2,184**	**2,733,290**	**.08**	**–**	2,762	3,673,831	.08	–
Total	**$75,028**	**$8,244,202**	**.91**	**.15**	$66,669	$8,546,699	.78	.05

(1) Net charge-offs (recoveries) during the year as a percentage of related average loans and leases.

N.A. Not applicable.

The allocated allowance balances for TCF's residential, consumer and commercial real estate loan portfolios at December 31, 2001 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 the increase in charge-offs in the leasing and equipment finance portfolio. The allocated allowances for these portfolios do not reflect any significant changes in estimation methods or assumptions.

The increase in TCF's allowance for loan and lease losses as a percentage of total loans and leases at December 31, 2001 reflects the impact of the significant growth in the commercial loan and leasing and equipment finance portfolios coupled with increased charge-offs in the leasing business. The allowance for loan and lease losses as a percentage of net loan and lease charge-offs during the year was 599% at December 31, 2001, compared with 1,728% at December 31, 2000 and 211% at December 31, 1999. Net loan and lease charge-offs were $12.5 million, or .15% of average loans and leases outstanding in 2001, compared with $3.9 million, or .05% of average loans and leases in 2000 and $26.4 million, or .35% of average loans and leases in 1999. The ratio of net loan charge-offs to average loans outstanding for TCF's consumer portfolio was .13% for the year ended December 31, 2001, compared with .12% for the year ended December 31, 2000. Included in total net loan and lease charge-offs were $9.1 million and $2.2 million of leasing and equipment finance net charge-offs during 2001 and 2000, respectively.

The following table sets forth additional information regarding TCF's leasing and equipment finance net charge-offs:

(Dollars in thousands)	Year Ended December 31, **2001** Net Charge-offs	**2001** % of Average Loans and Leases	2000 Net Charge-offs	2000 % of Average Loans and Leases
Winthrop	**$2,182**	**.64%**	$1,325	.38%
Wholesale	**1,621**	**.85**	–	–
Middle market	**513**	**.39**	12	.03
Truck and trailer	**3,587**	**2.31**	299	.32
Small ticket	**1,242**	**1.37**	536	.81
Leveraged lease	**–**	**–**	–	–
Total	**$9,145**	**1.00**	$2,172	.33

NON-PERFORMING ASSETS – Non-performing assets consisting of non-accrual loans and leases and other real estate owned totaled $66.6 million at December 31, 2001, or .82% of net loans and leases, up $20.6 million from $46.1 million, or .54% at December 31, 2000. The increase in total non-performing assets reflects increases of $6.7 million, $3.3 million and $2.4 million in non-performing commercial real estate, commercial business and residential real estate assets, respectively. Also contributing to the increase in non-performing assets are increases of $3.4 million in non-accrual consumer loans and $2.6 million in non-accrual leasing and equipment finance. Approximately 57% 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)	**2001**	2000	1999	1998	1997
Non-accrual loans and leases:					
Consumer	**$16,473**	$13,027	$12,178	$17,745	$21,037
Commercial real estate	**11,135**	5,820	1,576	4,352	3,818
Commercial business	**3,550**	236	2,960	2,797	3,370
Leasing and equipment finance, net	**11,723**	7,376	1,310	290	117
Residential real estate	**6,959**	4,829	5,431	8,078	8,451
Total non-accrual loans and leases, net	**49,840**	31,288	23,455	33,262	36,793
Non-recourse discounted lease rentals	**2,134**	3,910	619	435	–
Total non-accrual loans and leases, gross	**51,974**	35,198	24,074	33,697	36,793
Other real estate owned	**14,655**	10,869	10,912	13,602	18,353
Total non-performing assets, gross	**$66,629**	$46,067	$34,986	$47,299	$55,146
Total non-performing assets, net	**$64,495**	$42,157	$34,367	$46,864	$55,146
Accruing loans and leases 90 days or more past due	**$ 5,129**	$ 5,020	$ 5,789	$ –	$ –
Gross non-performing assets as a percentage of net loans and leases	**.82%**	.54%	.45%	.67%	.79%
Gross non-performing assets as a percentage of total assets	**.59**	.41	.33	.47	.57

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,			
	2001		2000	
(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	**$25,998**	**.32%**	$40,083	.47%
60-89 days	**15,646**	**.19**	13,755	.16
90 days or more	**5,129**	**.06**	5,020	.06
Total	**$46,773**	**.57%**	$58,858	.69%

The over 30-day delinquency rate on TCF's loans and leases (excluding loans held for sale and non-accrual loans and leases) was .57% of loans and leases outstanding at December 31, 2001, compared with .69% at year-end 2000. 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,			
	2001		2000	
(Dollars in thousands)	**Principal Balances**	**Percentage of Portfolio**	Principal Balances	Percentage of Portfolio
Consumer	**$17,939**	**.72%**	$20,628	.93%
Commercial real estate	**538**	**.03**	1,793	.13
Commercial business	**526**	**.13**	3,958	.96
Leasing and equipment finance	**17,393**	**1.84**	15,508	1.83
Residential real estate	**10,377**	**.38**	16,971	.46
Total	**$46,773**	**.57**	$58,858	.69

TCF's over 30-day delinquency on total leasing and equipment finance increased to 1.84% at December 31, 2001 from 1.83% at December 31, 2000. Included in delinquent leasing and equipment finance at December 31, 2001 are $754,000 of leases that have been funded on a non-recourse basis by third-party financial institutions, compared with $2.4 million at December 31, 2000. Delinquencies in the truck and trailer segment of the leasing and equipment finance portfolio were $11 million, or 7.6% at December 31, 2001, compared with $10.4 million, or 6.8%, at December 31, 2000. Also, non-accrual loans and leases in the truck and trailer segment of the leasing and equipment finance portfolio were $6.9 million at December 31, 2001, compared with $4.7 million at December 31, 2000. The increase in delinquencies and non-accrual loans and leases in the truck and trailer segment reflects the impact of higher fuel and insurance costs, driver shortages and the slowdown in freight activity caused by the slowing economy. Management continues to closely monitor the truck and trailer portfolio given the current economic environment. See "Loans and Leases."

In addition to the non-accrual loans and leases, there were $71.9 million of loans and leases at December 31, 2001 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 customers that currently are experiencing financial difficulties or that management believes may experience financial difficulties in the future. This compares with $19.8 million of loans and leases at December 31, 2000. The increase in these classified assets is generally due to the slowing economy and results from the periodic review process and risk rating performed by TCF. Although these loans and leases are generally secured by commercial real estate or other corporate assets, they may be subject to future modifications of their terms or may become non-performing.

The recorded investment in loans that are considered to be impaired was $18.8 million and $6.8 million at December 31, 2001 and December 31, 2000, respectively. The related allowance for credit losses was $5 million at December 31, 2001, compared with $1.3 million at December 31, 2000. All of the impaired loans were on non-accrual status. 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 and borrowings. 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. At December 31, 2001, TCF had over $2.3 billion in unused capacity under these funding sources, which could be used to meet future liquidity needs. See "Borrowings."

Potential sources of liquidity for TCF Financial Corporation (parent company only) include cash dividends from TCF's wholly-owned bank subsidiaries, issuance of equity securities, borrowings under the Company's $105 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, 2001 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 $7.1 billion at December 31, 2001, up $207.1 million from December 31, 2000. As previously noted, TCF sold one branch with $30 million of deposits during 2001. Lower interest-cost checking, savings and money market deposits totaled $4.8 billion, up $692.5 million from December 31, 2000, and comprised 67.3% of total deposits at December 31, 2001, compared with 59.3% of total deposits at December 31, 2000. The average balance of these deposits for 2001 was $4.3 billion, an increase of $428.3 million over the $3.9 billion average balance for 2000. Higher interest-cost certificates of deposit decreased $485.4 million from December 31, 2000 as a result of TCF's disciplined pricing and availability of other lower-cost funding sources. The Company's weighted-average rate for deposits, including non-interest bearing deposits, decreased to 1.49% at December 31, 2001, from 3.12% at December 31, 2000, due to the change in mix of deposits and the declines in overall interest rates during 2001.

As previously noted, TCF continued to expand its supermarket banking franchise during 2001, opening 21 new branches during the year. TCF now has 234 supermarket branches. During the past year, the number of deposit accounts in TCF's supermarket branches increased 14.6% to over 740,000 accounts and the balances increased 13% to $1.2 billion. The average rate on these deposits decreased from 2.73% at December 31, 2000 to 1.23% at December 31, 2001, due to general decreases in interest rates.

Additional information regarding TCF's supermarket branches follows:

	At December 31,				Percentage Increase (Decrease)	
(Dollars in thousands)	**2001**	2000	1999	1998	**2001/2000**	2000/1999
Number of branches	**234**	213	195	160	**9.9%**	9.2%
Number of deposit accounts	**740,457**	646,084	551,536	406,146	**14.6**	17.1
Deposits:						
Checking	**$ 591,000**	$ 475,162	$354,074	$272,194	**24.4**	34.2
Savings	**211,190**	135,000	120,876	96,496	**56.4**	11.7
Money market	**130,758**	108,557	60,169	55,070	**20.5**	80.4
Subtotal	**932,948**	718,719	535,119	423,760	**29.8**	34.3
Certificates	**279,777**	354,891	290,579	194,456	**(21.2)**	22.1
Total loans and leases	**$1,212,725**	$1,073,610	$825,698	$618,216	**13.0**	30.0
Average rate on deposits	**1.23%**	2.73%	2.24%	2.16%	**(54.9)**	21.9
Total fees and other revenues for the year	**$ 136,709**	$ 112,043	$ 86,665	$ 53,482	**22.0**	29.3
Consumer loans outstanding	**$ 305,081**	$ 233,393	$192,931	$108,213	**30.7**	21.0

BORROWINGS – Borrowings totaled $3 billion at December 31, 2001, down $161.2 million from year-end 2000. The decrease was primarily due to high prepayments on the residential and securities available for sale portfolios and increased deposit funding which reduces reliance on borrowings. See Note 11 and 12 of Notes to Consolidated Financial Statements for detailed information on TCF's borrowings. Included in long-term borrowings at December 31, 2001, are $1.3 billion of fixed-rate FHLB 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. The weighted-average rate on borrowings decreased to 4.85% at December 31, 2001, from 6.23% at December 31, 2000, due to general decreases in interest rates. At December 31, 2001, borrowings with a maturity of one year or less totaled $795.5 million.

TCF does not have any unconsolidated subsidiaries, partnerships, special purpose entities or other forms of off-balance-sheet borrowings. See Note 19 of Notes to Consolidated Financial Statements for information relating to off-balance-sheet instruments.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS — As disclosed in the Notes to Consolidated Financial Statements, TCF has certain obligations and commitments to make future payments under contracts. At December 31, 2001, the aggregate contractual obligations (excluding bank deposits) and commercial commitments are as follows:

		Payments Due by Period			
Contractual Obligations *(Dollars in thousands)*	Total	Less than 1 year	1-3 Years	4-5 Years	After 5 Years
Total borrowings	$3,023,025	$ 719,859	$1,577,204	$303,462	$422,500
Annual rental commitments under non-cancellable operating leases	118,048	16,649	29,067	23,898	48,434
	$3,141,073	$ 736,508	$1,606,271	$327,360	$470,934

		Amount of Commitment – Expiration by Period			
Other Commercial Commitments *(Dollars in thousands)*	Total	Less than 1 year	1-3 Years	4-5 Years	After 5 Years
Commitments to lend	$1,550,207	$1,409,771	$ 125,237	$ 10,483	$ 4,716
Standby letters of credit	12,748	11,070	1,260	418	–
	$1,562,955	$1,420,841	$ 126,497	$ 10,901	$ 4,716

STOCKHOLDERS' EQUITY — Stockholders' equity at December 31, 2001 was $917 million, or 8.1% of total assets, up from $910.2 million, or 8.1% of total assets, at December 31, 2000. The increase in stockholders' equity is primarily due to net income of $207.3 million for the year ended December 31, 2001, partially offset by the repurchase of 3.7 million shares of TCF's common stock at a cost of $148 million and the payment of $77.5 million in dividends on common stock. Since January 1, 1998, the Company has repurchased 18.6 million shares of TCF's common stock at an average cost of $29.04 per share. At December 31, 2001, average total equity to average assets was 7.78% compared to 7.58% at December 31, 2000. Dividends paid to common shareholders on a per share basis totaled $1.00 in 2001, an increase of 21.2% from $.825 in 2000. TCF's dividend payout ratio was 37.04% in 2001 and 35.11% in 2000. The Company's primary funding sources for common dividends are dividends received from its subsidiary banks. At December 31, 2001, TCF and its bank subsidiaries exceeded their regulatory capital requirements and are considered "well-capitalized" under guidelines established by the Federal Reserve Board and the Office of the Comptroller of the Currency pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991. See Note 14 of Notes to Consolidated Financial Statements. TCF does not have any trust preferred securities or other quasi-equity instruments.

TCF has used stock options as a form of employee compensation only to a limited extent. At December 31, 2001, the amount of incentive stock options outstanding was .48% of total shares outstanding.

MARKET RISK — INTEREST-RATE RISK — TCF's results of operations are dependent to a large degree on its net interest income and 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, relative to a base case scenario.

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 positive $241.8 million, or 2% of total assets, at December 31, 2001, compared with a negative $215.1 million, or (2)% of total assets, at December 31, 2000. A positive interest-rate gap position exists when the amount of interest-earning assets maturing or repricing within a particular time period exceeds the amount of interest-bearing liabilities maturing or repricing. The change in the one-year gap was primarily due to an increase in projected prepayment speeds on residential loans and mortgage-backed securities, partially offset by the impact of interest-rate floors on consumer loans.

The following table summarizes TCF's interest-rate gap position at December 31, 2001:

	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	$ 244,993	$ 178,839	$ 10,909	$ 8,353	$ 8,515	$ 451,609
Securities available for sale[1]	41,841	185,030	192,732	376,931	788,127	1,584,661
Real estate loans[1]	544,123	542,199	565,312	1,223,660	1,480,457	4,355,751
Leasing and equipment finance[1]	40,136	164,452	169,821	416,254	166,074	956,737
Other loans[1]	751,775	232,600	157,628	1,334,890	454,821	2,931,714
Investments	915	131,181	–	–	23,846	155,942
	1,623,783	1,434,301	1,096,402	3,360,088	2,921,840	10,436,414
Interest-bearing liabilities:						
Checking deposits[2]	209,041	–	–	–	2,327,824	2,536,865
Savings deposits[2]	185,820	124,823	131,318	371,374	477,481	1,290,816
Money market deposits[2]	560,983	–	–	–	390,051	951,034
Certificate deposits	392,137	923,630	578,372	365,007	61,098	2,320,244
Short-term borrowings[3]	719,859	–	–	–	–	719,859
Long-term borrowings[3]	14,325	37,493	34,897	1,248,020	968,430	2,303,165
	2,082,165	1,085,946	744,587	1,984,401	4,224,884	10,121,983
Interest-earning assets over (under) interest-bearing liabilities	$ (458,382)	$ 348,355	$ 351,815	$1,375,687	$(1,303,044)	$ 314,431
Cumulative gap	$ (458,382)	$ (110,027)	$ 241,788	$1,617,475	$ 314,431	$ 314,431
Cumulative gap as a percentage of total assets:						
At December 31, 2001	(4)%	(1)%	2 %	14%	3%	3%
At December 31, 2000	6 %	(2)%	(2)%	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. 8% of checking deposits, 34% of savings deposits, and 59% of money market deposits are included in amounts repricing within one year. 29% of savings deposits are included in the "1 to 3 Years" category. All remaining checking, savings and money market deposits are assumed to mature in the "3+ Years" category. While management believes that these assumptions are well based, no assurance can be given that amounts on deposit in checking, savings, and money market accounts will not significantly change or be repriced in the event of a general change in interest rates. At December 31, 2000, 8% of checking deposits, 34% of savings deposits, and 53% of money market deposits were included in amounts repricing within one year. 29% of savings deposits were included in the "1 to 3 Years" category.

(3) Includes $1.5 billion of callable long-term borrowings. Based upon market interest rates at December 31, 2001, $5.5 million and $200 million of these callable long-term borrowings are forecasted to be called prior to maturity and are included in amounts repricing within one year and "1 to 3 Years", respectively, which corresponds to their next call date, instead of in the "3+ Years" category, which corresponds to their maturity date.

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, 2001, net interest income is estimated to increase by 3.1%, compared with the base case scenario, over the next twelve months if interest rates were to sustain an immediate increase of 200 basis points. At December 31, 2000, net interest income was estimated to increase by .4%, compared with the base case scenario, 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 6.2%, compared with the base case scenario, over the next twelve months. Simulations at December 31, 2000 projected a decrease in net interest income of 3.9%, compared with the base case scenario, 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 July 1, 2001, TCF adopted Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," which requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142.

Upon adoption of SFAS No. 142, TCF is required to evaluate its existing intangible assets and goodwill that were acquired in prior purchase business combinations, and make any necessary reclassifications of intangible assets in order to conform with the new criteria of SFAS No. 141 for recognition apart from goodwill. Upon adoption of SFAS No. 142, the Company is required to reassess the useful lives and residual values of all intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments by the end of the first quarter of 2002. In addition, to the extent an intangible asset is identified as having an indefinite useful life, as in the case of goodwill, the Company will be required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142 within the first quarter of 2002. Any impairment loss will be measured as of the date of adoption and recognized as a cumulative effect of a change in accounting principle during the first quarter of 2002.

As of the date of adoption, the Company had unamortized goodwill in the amount of $145.5 million and unamortized identifiable intangible assets (deposit base intangibles) in the amount of $9.2 million, all of which will be subject to the transition provisions of SFAS Nos. 141 and 142. Amortization expense related to goodwill was $7.8 million ($7.6 million after-tax, or 10 cents per common diluted share) and $7.7 million ($7.5 million after-tax, or 9 cents per common diluted share) for the year ended December 31, 2001 and December 31, 2000, respectively. Management finalized its study of the effects of SFAS No. 142 and concluded that goodwill is not impaired as of January 1, 2002.

FOURTH QUARTER SUMMARY – In the fourth quarter of 2001, TCF had net income of $54.2 million, up 3.9% from $52.2 million in the fourth quarter of 2000. Diluted earnings per common share was 72 cents for the fourth quarter of 2001, compared to 66 cents for the fourth quarter of 2000. The 2000 fourth quarter results included a $5.5 million after-tax gain on sales of three branches, or 7 cents per diluted common share. TCF opened 8 new branches in the fourth quarter of 2001, of which 3 were supermarket branches.

Net interest income was $125.7 million and $110.8 million for the quarter ended December 31, 2001 and 2000, respectively. The net interest margin was 4.74% and 4.33% for the fourth quarter of 2001 and 2000, respectively. TCF net interest income improved by $10.6 million, or 9.6% over the fourth quarter of 2000 due to volume changes and $4.3 million due to rate changes.

TCF provided $7 million for credit losses in the fourth quarter of 2001, compared with $4.7 million in the fourth quarter of 2000. Net loan and lease charge-offs were $5.6 million, or .27% of average loans and leases outstanding, compared with $2 million, or .10% of average loans and leases outstanding during the same 2000 period. The increase in the provision and net loan and lease charge-offs from 2000 reflects the impact of the growth in the commercial loan and leasing and equipment finance portfolios coupled with increased charge-offs in the leasing and equipment finance portfolio.

Non-interest income, excluding gains on sales of securities available for sale and branches, increased $9.3 million, or 10.7%, during the fourth quarter of 2001 to $95.6 million. The increase was primarily due to increased fees and service charges and leasing revenues, reflecting TCF's expanding retail banking and lease operations and customer base.

Non-interest expense increased $14.8 million, or 12.7%, in the fourth quarter of 2001 to $131.4 million. The increases were primarily due to costs associated with expanded retail banking and leasing activities.

In the fourth quarter of 2001, the effective income tax rate was reduced to 35.36% of income before income tax expense for the quarter due to the favorable conclusion of prior year taxes.

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.

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. The terrorist attacks on September 11, 2001 have had an adverse impact on the United States' economy and could have a continuing adverse impact on the economy and the Company's business, most likely by reducing capital and consumer spending. Such developments could result in decreased demand for TCF's products and services and increased credit losses.

Consolidated Statements of Financial Condition

(Dollars in thousands, except per-share data)	At December 31, 2001	2000
Assets		
Cash and due from banks	$ 386,700	$ 392,007
Investments	155,942	134,059
Securities available for sale	1,584,661	1,403,888
Loans held for sale	451,609	227,779
Loans and leases:		
Consumer	2,509,333	2,234,134
Commercial real estate	1,622,461	1,371,841
Commercial business	422,381	410,422
Leasing and equipment finance	956,737	856,471
Subtotal	5,510,912	4,872,868
Residential real estate	2,733,290	3,673,831
Total loans and leases	8,244,202	8,546,699
Allowance for loan and lease losses	(75,028)	(66,669)
Net loans and leases	8,169,174	8,480,030
Premises and equipment, net	215,237	197,525
Goodwill	145,462	153,239
Deposit base intangibles	9,244	11,183
Other assets	240,686	197,752
	$11,358,715	$11,197,462
Liabilities and Stockholders' Equity		
Deposits:		
Checking	$ 2,536,865	$ 2,203,943
Savings	1,290,816	1,045,388
Money market	951,033	836,888
Subtotal	4,778,714	4,086,219
Certificates	2,320,244	2,805,605
Total deposits	7,098,958	6,891,824
Short-term borrowings	719,859	898,695
Long-term borrowings	2,303,166	2,285,550
Total borrowings	3,023,025	3,184,245
Accrued expenses and other liabilities	319,699	211,173
Total liabilities	10,441,682	10,287,242
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; 92,719,544 and 92,755,659 shares issued	927	928
Additional paid-in capital	520,940	508,682
Retained earnings, subject to certain restrictions	965,454	835,605
Accumulated other comprehensive income (loss)	6,229	(9,868)
Treasury stock at cost, 15,787,716 and 12,466,626 shares, and other	(576,517)	(425,127)
Total stockholders' equity	917,033	910,220
	$11,358,715	$11,197,462

See accompanying notes to consolidated financial statements.

(In thousands, except per-share data)	2001	2000	1999
		Year Ended December 31,	
Interest income:			
Loans and leases	**$681,110**	$700,325	$618,291
Securities available for sale	**112,267**	99,185	111,032
Loans held for sale	**24,266**	17,130	13,367
Investments	**8,966**	10,041	9,411
Total interest income	**826,609**	826,681	752,101
Interest expense:			
Deposits	**162,727**	197,094	175,495
Borrowings	**182,660**	191,051	152,393
Total interest expense	**345,387**	388,145	327,888
Net interest income	**481,222**	438,536	424,213
Provision for credit losses	**20,878**	14,772	16,923
Net interest income after provision for credit losses	**460,344**	423,764	407,290
Non-interest income:			
Fees and service charges	**194,321**	166,240	138,198
Electronic funds transfer revenues	**87,134**	78,101	67,144
Leasing and equipment finance	**45,730**	38,442	28,505
Mortgage banking	**12,042**	10,519	12,770
Investments and insurance	**11,535**	12,266	14,849
Other	**16,545**	17,895	12,854
Fees and other revenues	**367,307**	323,463	274,320
Gains on sales of branches	**3,316**	12,813	12,160
Gains on sales of securities available for sale	**863**	–	3,194
Gains on sales of loan servicing	**–**	–	3,076
Gain on sale of subsidiaries	**–**	–	5,522
Title insurance revenues	**–**	–	15,421
Other non-interest income	**4,179**	12,813	39,373
Total non-interest income	**371,486**	336,276	313,693
Non-interest expense:			
Compensation and employee benefits	**267,716**	239,544	239,053
Occupancy and equipment	**78,774**	74,938	73,613
Advertising and promotions	**20,909**	19,181	16,981
Amortization of goodwill	**7,777**	7,706	7,713
Other	**126,820**	115,833	110,532
Total non-interest expense	**501,996**	457,202	447,892
Income before income tax expense	**329,834**	302,838	273,091
Income tax expense	**122,512**	116,593	107,052
Net income	**$207,322**	$186,245	$166,039
Net income per common share:			
Basic	**$ 2.73**	$ 2.37	$ 2.01
Diluted	**$ 2.70**	$ 2.35	$ 2.00
Dividends declared per common share	**$ 1.00**	$ .825	$ .725

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(Dollars in thousands)
Balance, December 31, 1998
Comprehensive income:
Net income
Other comprehensive loss
Comprehensive income
Dividends on common stock
Repurchase of 4,091,611 shares
Issuance of 21,050 shares
Cancellation of shares
Amortization of deferred compensation
Exercise of stock options, 550,661 shares
Shares held in trust for deferred compensation plans
Loan payments by deferred compensation plans
Balance, December 31, 1999
Comprehensive income:
Net income
Other comprehensive income
Comprehensive income
Dividends on common stock
Issuance of 37,259 shares to effect purchase acquisition
Repurchase of 3,243,800 shares
Issuance of 1,319,896 shares
Cancellation of shares
Amortization of deferred compensation
Exercise of stock options, 283,036 shares
Issuance of stock options
Shares held in trust for deferred compensation plans
Purchase of TCF stock to fund the Employees Stock Purchase Plan, net
Loan to deferred compensation plans, net of payments
Balance, December 31, 2000
Comprehensive income:
Net income
Other comprehensive income
Comprehensive income
Dividends on common stock
Repurchase of 3,670,107 shares
Issuance of 262,340 shares
Cancellation of shares
Amortization of deferred compensation
Exercise of stock options, 86,677 shares
Shares held in trust for deferred compensation plans
Purchase of TCF stock to fund the Employees Stock Purchase Plan, net
Loan to deferred compensation plans, net of payments
Balance, December 31, 2001

See accompanying notes to consolidated financial statements.

Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock and Other	Total
92,912,246	$ 929	$ 507,534	$ 610,177	$ 7,591	$ (280,729)	$ 845,502
–	–	–	166,039	–	–	166,039
–	–	–	–	(54,973)	–	(54,973)
–	–	–	166,039	(54,973)	–	111,066
–	–	–	(60,755)	–	–	(60,755)
–	–	–	–	–	(106,106)	(106,106)
–	–	(30)	–	–	(30)	(60)
(108,041)	(1)	(2,569)	–	–	392	(2,178)
–	–	–	–	–	9,543	9,543
–	–	(4,464)	–	–	15,044	10,580
–	–	326	–	–	(326)	–
–	–	–	–	–	1,390	1,390
92,804,205	928	500,797	715,461	(47,382)	(360,822)	808,982
–	–	–	186,245	–	–	186,245
–	–	–	–	37,514	–	37,514
–	–	–	186,245	37,514	–	223,759
–	–	–	(66,101)	–	–	(66,101)
–	–	417	–	–	963	1,380
–	–	–	–	–	(73,824)	(73,824)
–	–	(7,716)	–	–	7,716	–
(48,546)	–	(1,262)	–	–	386	(876)
–	–	–	–	–	9,375	9,375
–	–	(81)	–	–	7,337	7,256
–	–	1	–	–	–	1
–	–	15,842	–	–	(15,842)	–
–	–	684	–	–	–	684
–	–	–	–	–	(416)	(416)
92,755,659	928	508,682	835,605	(9,868)	(425,127)	910,220
–	–	–	207,322	–	–	207,322
–	–	–	–	16,097	–	16,097
–	–	–	207,322	16,097	–	223,419
–	–	–	(77,473)	–	–	(77,473)
–	–	–	–	–	(148,043)	(148,043)
–	–	3,057	–	–	(3,057)	–
(36,115)	(1)	(1,484)	–	–	646	(839)
–	–	15	–	–	11,049	11,064
–	–	885	–	–	2,405	3,290
–	–	9,744	–	–	(9,744)	–
–	–	41	–	–	–	41
–	–	–	–	–	(4,646)	(4,646)
92,719,544	**$927**	**$520,940**	**$965,454**	**$6,229**	**$(576,517)**	**$917,033**

(In thousands)	2001	2000	1999
		Year Ended December 31,	
Cash flows from operating activities:			
Net income	**$ 207,322**	$ 186,245	$ 166,039
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization	**42,412**	30,369	29,031
Amortization of goodwill and other intangibles	**9,716**	10,001	10,689
Provision for credit losses	**20,878**	14,772	16,923
Proceeds from sales of loans held for sale	**2,135,218**	611,123	586,859
Principal collected on loans held for sale	**12,469**	9,885	10,144
Originations and purchases of loans held for sale	**(2,375,396)**	(649,750)	(457,515)
Net (increase) decrease in other assets and accrued expenses and other liabilities	**91,612**	(1,854)	47,088
Gains on sales of assets	**(4,393)**	(12,813)	(23,952)
Other, net	**5,550**	4,125	14,988
Total adjustments	**(61,934)**	15,858	234,255
Net cash provided by operating activities	**145,388**	202,103	400,294
Cash flows from investing activities:			
Principal collected on loans and leases	**3,352,341**	2,162,839	2,315,173
Originations and purchases of loans	**(2,719,682)**	(2,320,239)	(3,069,408)
Purchases of equipment for lease financing	**(449,231)**	(579,595)	(289,156)
Net (increase) decrease in interest-bearing deposits with banks	**(559)**	19,987	95,575
Proceeds from sales of securities available for sale	**33,645**	–	288,718
Proceeds from maturities of and principal collected on securities available for sale	**398,316**	176,905	577,844
Purchases of securities available for sale	**(587,324)**	(314)	(791,995)
Net decrease in federal funds sold		–	41,000
Net increase in Federal Home Loan Bank stock	**(18,927)**	(4,671)	(11,129)
Sales of deposits, net of cash paid	**(26,958)**	(82,097)	(104,404)
Other, net	**(64,313)**	(48,329)	18,852
Net cash used by investing activities	**(82,692)**	(675,514)	(928,930)
Cash flows from financing activities:			
Net increase (decrease) in deposits	**237,180**	402,731	(13,649)
Net increase (decrease) in short-term borrowings	**(178,836)**	(168,287)	674,431
Proceeds from long-term borrowings	**677,334**	954,252	1,566,253
Payments on long-term borrowings	**(579,529)**	(619,250)	(1,529,301)
Purchases of common stock	**(148,043)**	(73,824)	(106,106)
Payments of dividends on common stock	**(77,473)**	(66,101)	(60,755)
Other, net	**1,364**	6,635	6,548
Net cash provided (used) by financing activities	**(68,003)**	436,156	537,421
Net increase (decrease) in cash and due from banks	**(5,307)**	(37,255)	8,785
Cash and due from banks at beginning of year	**392,007**	429,262	420,477
Cash and due from banks at end of year	**$ 386,700**	$ 392,007	$ 429,262
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest on deposits and borrowings	**$ 352,903**	$ 377,430	$ 302,268
Income taxes	**$ 24,128**	$ 89,852	$ 78,125
Transfer of loans and leases to other real estate owned and other assets	**$ 33,447**	$ 16,580	$ 32,074

See accompanying 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, mortgage banking and leasing and equipment finance through its wholly owned subsidiaries, TCF National Bank and TCF National Bank Colorado ("TCF Colorado"). TCF National Bank and TCF Colorado own leasing and equipment finance, mortgage banking, discount brokerage, investment and insurance sales, and real estate investment trusts, ("REIT") subsidiaries. These subsidiaries are consolidated with TCF National Bank and TCF Colorado and are therefore included in the consolidated financial statements of TCF Financial Corporation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to prior years' financial statements to conform to the current year presentation.

For Consolidated Statements of Cash Flows purposes, cash and cash equivalents include cash and due from banks.

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

Critical Accounting Policies

Critical accounting policies are dependent on estimates that are particularly susceptible to significant change include the determination of the allowance for loan and lease losses, mortgage servicing rights and income taxes. The following have been identified as "Critical Accounting Policies."

ALLOWANCE FOR LOAN AND LEASE LOSSES – The allowance for loan and lease losses is maintained at a level believed to be appropriate by management to provide for probable loan and lease losses inherent in the portfolio as of the balance sheet date, including known or anticipated problem loans and leases, as well as for loans and leases which are not currently known to require specific allowances. Management's judgment as to the amount of the allowance, including the allocated and unallocated elements, is a result of ongoing review of larger individual loans and leases, the overall risk characteristics of the portfolios, changes in the character or size of the portfolios, the level of impaired loans and non-performing assets, historical net charge-off amounts, geographic location, prevailing economic conditions and other relevant factors. Impaired loans include all non-accrual and restructured commercial real estate and commercial business loans and equipment 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. 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.

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.

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

tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The determination of current and deferred income taxes is based on complex analyses of many factors including interpretation of Federal and state income tax laws, the difference between tax and financial reporting basis of assets and liabilities (temporary differences), estimates of amounts due or owed such as the timing of reversals of temporary differences and current financial accounting standards. Actual results could differ significantly from the estimates and interpretations used in determining the current and deferred income tax liabilities.

Other Significant Accounting Policies

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

SECURITIES AVAILABLE FOR SALE – Securities available for sale are carried at fair value with the unrealized holding gains or losses, net of related deferred income taxes, reported as accumulated other comprehensive income (loss), which is a separate component of stockholders' equity. Cost of securities sold is determined on a specific identification basis and gains or losses on sales of securities available for sale are recognized at trade dates. Declines in the value of securities available for sale that are considered other than temporary are recorded in noninterest income as a loss on securities available for sale.

LOANS HELD FOR SALE – Loans held for sale include residential mortgage and education loans. Residential mortgage loans held for sale are carried at the lower of cost or market as adjusted for the effects of fair value hedges using quoted market prices. See Note 18 for additional information concerning derivative instruments and hedging activities. Education loans held for sale are carried at the lower of cost or market. Net fees and costs associated with originating and acquiring loans held for sale are deferred and are included in the basis for determining the gain or loss on sales of loans held for sale. Gains on sales are recorded at the settlement date and cost is determined on a specific identification basis.

LOANS AND LEASES – Net fees and costs associated with originating and acquiring loans and leases are deferred and amortized over the lives of the assets. 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 a leveraged lease. 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. The lease residual value 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 a leveraged lease is the sum of all lease payments (less nonrecourse debt payments) plus estimated residual values, less unearned income. Income from the leveraged lease is recognized using a method which approximates a level yield over the term of the lease based on the unrecovered equity investment.

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.

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.

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. On January 1, 2002, TCF adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill and intangible assets with indefinite lives no longer be amortized, but instead tested for impairment annually.

DERIVATIVE FINANCIAL INSTRUMENTS — TCF utilizes derivative financial instruments 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. TCF does not use interest rate contracts (e.g. swaps, caps, floors) or other derivatives to manage interest rate risk and has none of these instruments outstanding. See Notes 18 and 19 for additional information concerning these derivative financial instruments.

2 *Cash and Due from Banks*

At December 31, 2001, TCF was required by Federal Reserve Board ("FRB") regulations to maintain reserve balances of $39 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, 2001	2000
Federal Home Loan Bank stock, at cost	**$131,181**	$110,441
Federal Reserve Bank stock, at cost	**23,847**	23,286
Interest-bearing deposits with banks	**914**	332
	$155,942	$134,059

The carrying value, which approximates fair value, and yield of investments at December 31, 2001, by contractual maturity, are shown below:

(Dollars in thousands)	Carrying Value	Yield
Due in one year or less	$ 914	2.64%
No stated maturity(1)	155,028	4.17
	$ 155,942	4.16

(1) 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,							
	2001				2000			
(Dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities:								
Federal agencies	**$1,547,374**	**$11,691**	**$ (979)**	**$1,558,086**	$1,380,196	$2,659	$(17,235)	$1,365,620
Private issuer and collateralized mortgage obligations	**26,828**	**90**	**(993)**	**25,925**	38,765	112	(1,159)	37,718
U.S. Government and other marketable securities	**650**	**—**	**—**	**650**	550	—	—	550
	$1,574,852	**$11,781**	**$(1,972)**	**$1,584,661**	$1,419,511	$2,771	$(18,394)	$1,403,888
Weighted-average yield	**6.55%**				6.63%			

A gross gain of $863,000 was recognized on sales of securities available for sale during 2001. There were no sales of securities available for sale in 2000, while a gross gain of $4.7 million and a gross loss of $1.5 million were recognized on sales of securities available for sale during 1999.

Mortgage-backed securities aggregating $1.1 billion were pledged as collateral to secure certain deposits and borrowings at December 31, 2001. See Notes 11 and 12 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)	**2001**	2000
Residential mortgage loans	**$286,552**	$ 74,545
Education loans.	**165,057**	153,234
	$451,609	$227,779

Loans and leases consist of the following:

(Dollars in thousands)	At December 31, 2001	2000	Percentage Change
Consumer:			
Home equity	**$2,443,788**	$2,152,147	13.6%
Other secured	**43,433**	56,812	(23.5)
Unsecured	**22,112**	25,175	(12.2)
	2,509,333	2,234,134	12.3
Commercial:			
Commercial real estate:			
Permanent	**1,444,484**	1,193,469	21.0
Construction and development	**177,977**	178,372	(0.2)
	1,622,461	1,371,841	18.3
Commercial business	**422,381**	410,422	2.9
	2,044,842	1,782,263	14.7
Leasing and equipment finance:			
Equipment finance loans	**271,398**	207,059	31.1
Lease financings:			
Direct financing leases	**691,899**	658,678	5.0
Sales-type leases	**36,272**	37,645	(3.6)
Lease residuals	**33,860**	30,426	11.3
Unearned income and deferred lease costs	**(94,300)**	(94,506)	(0.2)
Investment in leveraged lease	**17,608**	17,169	2.6
	685,339	649,412	5.5
	956,737	856,471	11.7
Total consumer, commercial and leasing and equipment finance	**5,510,912**	4,872,868	13.1
Residential real estate	**2,733,290**	3,673,831	(25.6)
	$8,244,202	$8,546,699	(3.5)

At December 31, 2001 and 2000, the recorded investment in loans that were considered to be impaired was $18.8 million and $6.8 million, respectively. The related allowance for loan losses at those dates was $5 million and $1.3 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, 2001, 2000 and 1999 was $9.9 million, $4.5 million and $8.1 million, respectively. For the year ended December 31, 2001, 2000 and 1999, TCF recognized interest income on impaired loans of $29,000, $40,000 and $519,000 all of which was recognized using the cash basis method of income recognition.

At December 31, 2001, 2000 and 1999, loans and leases on non-accrual status totaled $52 million, $35.2 million and $24.1 million, respectively. Had the loans and leases performed in accordance with their original terms for 2001, 2000 and 1999, TCF would have recorded gross interest income of $5.4 million, $3.9 million and $3.6 million, respectively, for these loans and leases. Interest income of $1.7 million, $1.6 million and $1.4 million has been recorded on these loans and leases for the years ended December 31, 2001, 2000 and 1999, respectively.

At December 31, 2001 and 2000, TCF had no loans outstanding with terms that had been modified in troubled debt restructurings. There were no material commitments to lend additional funds to customers whose loans or leases were classified as non-accrual at December 31, 2001.

The aggregate amount of loans to outside directors of TCF and their related interests was $31.8 million and $27 million at December 31, 2001 and 2000, respectively. During 2001, $12 million of new loans were made, repayments totaled $8.8 million and changes in the composition of the outside directors and their related interests increased loans outstanding by $1.6 million. All loans outside directors and their related interests were made in the ordinary course of business on normal credit terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons. The aggregate amount of loans to executive officers of TCF was $9.1 million and $5.2 million at December 31, 2001 and 2000, respectively. Included in these amounts were loans made to the Executive Deferred Compensation Plan trustee on behalf of the executive officers. During 2001, $6.2 million of new loans to the Executive Deferred Compensation Plan were made and repayments totaled $2.3 million. See Note 14 for additional information regarding loans to the deferred compensation plan. In the opinion of management the above mentioned loans to outside directors and their related interests and executive officers do not represent more than a normal credit risk of collection.

During 2000, TCF purchased the equity interest in a leveraged lease transaction for a Boeing 767 aircraft on lease to Delta Airlines in the United States. The investment in a leveraged lease 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. The aircraft is in service, the lessee is current on the lease payments and the lease expires in 2010. This lease represents TCF's only material direct exposure to the commercial airline industry.

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

	At December 31,	
(In thousands)	**2001**	2000
Rental receivable (net of principal and interest on non-recourse debt)	**$ 10,134**	$ 11,066
Estimated residual value of leased assets	**18,056**	18,056
Less: Unearned income	**(10,582)**	(11,953)
Investment in leveraged lease	**17,608**	17,169
Less: Deferred taxes	**(5,568)**	(1,929)
Net investment in leveraged lease	**$ 12,040**	$ 15,240

Future minimum lease payments for direct financing and sales-type leases as of December 31, 2001 are as follows:

(In thousands)	Payments to be Received by TCF	Payments to be Received by Other Financial Institutions	Total
2002	$170,703	$ 83,600	$254,303
2003	134,019	49,901	183,920
2004	96,398	19,379	115,777
2005	68,976	2,966	71,942
2006	35,062	303	35,365
Thereafter	28,921	13	28,934
	$534,079	$156,162	$690,241

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)	**2001**	2000	1999
Balance at beginning of year	**$ 66,669**	$ 55,755	$ 80,013
Transfers to loans held for sale	**–**	–	(14,793)
Provision for credit losses	**20,878**	14,772	16,923
Charge-offs	**(16,951)**	(9,701)	(34,398)
Recoveries	**4,432**	5,843	8,010
Net charge-offs	**(12,519)**	(3,858)	(26,388)
Balance at end of year	**$ 75,028**	$ 66,669	$ 55,755
Ratio of net loan and lease charge-offs to average loans and leases outstanding	**.15%**	.05%	.35%
Allowance for loan and lease losses as a percentage of total loan and lease balances at year end	**.91**	.78	.71

8 *Premises and Equipment*

Premises and equipment are summarized as follows:

	At December 31,	
(In thousands)	**2001**	2000
Land	**$ 48,549**	$ 42,088
Office buildings	**143,681**	134,034
Leasehold improvements	**36,539**	33,778
Furniture and equipment	**196,283**	174,232
	425,052	384,132
Less accumulated depreciation and amortization	**209,815**	186,607
	$215,237	$197,525

TCF leases certain premises and equipment under operating leases. Net lease expense was $20.7 million, $20.3 million and $19.6 million in 2001, 2000 and 1999, respectively.

At December 31, 2001, the total annual minimum lease commitments for operating leases were as follows:

(In thousands)	
2002	$ 16,649
2003	15,255
2004	13,812
2005	12,410
2006	11,488
Thereafter	48,434
	$118,048

9 *Mortgage Servicing Rights*

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

	Year Ended December 31,		
(In thousands)	**2001**	2000	1999
Balance at beginning of year, net	**$ 40,086**	$ 22,614	$ 21,566
Purchases and originations	**39,139**	22,798	6,991
Amortization	**(16,564)**	(5,326)	(4,737)
Sales of servicing	**–**	–	(1,037)
Valuation adjustments	**(4,400)**	–	(169)
Balance at end of year, net	**$ 58,261**	$ 40,086	$ 22,614

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

	Year Ended December 31,		
(In thousands)	**2001**	2000	1999
Balance at beginning of year	**$ 946**	$ 946	$ 2,738
Provisions	**4,400**	–	169
Charge-offs	**–**	–	(1,961)
Balance at end of year	**$ 5,346**	$ 946	$ 946

At December 31, 2001, 2000 and 1999, TCF was servicing real estate loans for others with aggregate unpaid principal balances of approximately $4.7 billion, $4 billion and $2.9 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, TCF sold servicing rights on $344.6 million of loans serviced for others at a net gain of $3.1 million. No servicing rights were sold during 2000 or 2001.

The estimated fair value of mortgage servicing rights included in the Consolidated Statements of Financial Condition at December 31, 2001 was approximately $64.7 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.

Deposits are summarized as follows:

(Dollars in thousands)	At December 31, 2001 Weighted-Average Rate	2001 Amount	2001 % of Total	2000 Weighted-Average Rate	2000 Amount	2000 % of Total
Checking:						
Non-interest bearing	—%	$1,664,403	23.4%	–%	$1,430,102	20.8%
Interest bearing	.20	872,462	12.3	.58	773,841	11.2
	.07	2,536,865	35.7	.21	2,203,943	32.0
Savings:						
Non-interest bearing	—	169,527	2.4	–	71,957	1.1
Interest bearing	.61	1,121,289	15.8	1.13	973,431	14.1
	.53	1,290,816	18.2	1.05	1,045,388	15.2
Money market	1.20	951,033	13.4	3.83	836,888	12.1
Subtotal	.42	4,778,714	67.3	1.17	4,086,219	59.3
Certificates	3.71	2,320,244	32.7	5.96	2,805,605	40.7
	1.49	$7,098,958	100.0%	3.12	$6,891,824	100.0%

Certificates had the following remaining maturities at December 31, 2001:

(In thousands) Maturity	$100,000 Minimum	Other	Total[1]
0-3 months	$200,304	$ 598,485	$ 798,789
4-6 months	59,323	457,654	516,977
7-12 months	69,526	508,846	578,372
13-24 months	36,385	291,800	328,185
25-36 months	2,678	34,145	36,823
37-48 months	3,046	23,210	26,256
49-60 months	4,787	27,089	31,876
Over 60 months	127	2,839	2,966
	$376,176	$1,944,068	$2,320,244

(1) Includes no brokered deposits.

11 *Short-term Borrowings*

The following table sets forth selected information for short-term borrowings (borrowings with an original maturity of less than one year) for each of the years in the three year period ended December 31, 2001:

	2001		2000		1999	
(Dollars in thousands)	Amount	Rate	Amount	Rate	Amount	Rate
At December 31,						
Federal funds purchased	$ 48,000	1.73%	$ 91,000	6.49%	$ –	–%
Securities sold under repurchase agreements	669,734	1.83	794,320	6.61	960,000	5.75
Treasury, tax and loan note payable	125	1.40	13,375	5.73	42,625	4.53
Commercial paper	–	–	–	–	22,357	6.21
Line of credit	2,000	2.41	–	–	42,000	6.92
Total	$ 719,859	1.82	$ 898,695	6.58	$1,066,982	5.76
Year ended December 31,						
Average daily balance						
Federal funds purchased	$ 120,812	3.77%	$ 10,989	6.68%	$ 1,977	4.81%
Securities sold under repurchase agreements	908,016	4.14	664,015	6.41	477,382	5.38
Treasury, tax and loan note payable	62,111	3.61	68,631	6.14	53,999	4.72
Commercial paper	–	–	4,843	6.18	22,621	5.62
Line of credit	6,749	5.57	18,824	7.58	45,245	6.03
Total	$1,097,688	4.08	$ 767,302	6.41	$ 601,224	5.38
Maximum month-end balance						
Federal funds purchased	$ 304,000	N.A.	$ 91,000	N.A.	$ 10,000	N.A.
Securities sold under repurchase agreements	1,047,301	N.A.	1,070,790	N.A.	960,000	N.A.
Treasury, tax and loan note payable	262,680	N.A.	250,000	N.A.	258,837	N.A.
Commercial paper	–	N.A.	19,039	N.A.	45,073	N.A.
Line of credit	30,500	N.A.	79,000	N.A.	89,000	N.A.

N.A. Not Applicable

The securities underlying the repurchase agreements are book entry securities. During the borrowing period, book entry securities were delivered by appropriate entry into the counterparties' accounts through the Federal Reserve System. The dealers may sell, loan or otherwise dispose of such securities to other parties in the normal course of their operations, but have agreed to resell to TCF identical or substantially the same securities upon the maturities of the agreements. At December 31, 2001, all of the securities sold under repurchase agreements provided for the repurchase of identical securities. At December 31, 2001, $669.7 million of securities sold under repurchase agreements with an interest rate of 1.83% maturing in 2002 were collateralized by mortgaged-backed securities having a carrying value of $689.5 million and a market value of $692 million.

TCF Financial Corporation has a $105 million bank line of credit maturing in April 2002 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 Financial Corporation 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.

12 *Long-term Borrowings*

Long-term borrowings consist of the following:

(Dollars in thousands)	Year of Maturity	2001 Amount	2001 Weighted-Average Rate	2000 Amount	2000 Weighted-Average Rate
Securities sold under repurchase agreements	2005	**$ 200,000**	**6.27%**	$ 200,000	6.27%
Federal Home Loan Bank advances	2001	**—**	**—**	481,537	5.89
	2003	**135,000**	**5.76**	135,000	5.76
	2004	**853,000**	**5.72**	803,000	5.69
	2005	**246,000**	**6.02**	246,000	6.02
	2006	**303,000**	**5.26**	3,000	5.48
	2009	**122,500**	**5.25**	122,500	5.25
	2010	**100,000**	**6.02**	100,000	6.02
	2011	**200,000**	**4.85**	—	—
		1,959,500	**5.58**	1,891,037	5.78
Discounted lease rentals	2001	**—**	**—**	84,529	8.81
	2002	**75,600**	**8.01**	48,369	8.96
	2003	**46,458**	**8.00**	20,897	9.10
	2004	**18,462**	**8.33**	10,114	9.22
	2005	**2,684**	**8.50**	1,355	9.15
	2006	**450**	**7.68**	390	8.25
	2007	**12**	**8.53**	109	8.36
		143,666	**8.06**	165,763	8.92
Other borrowings:					
Senior subordinated debentures	2003	**—**	**—**	28,750	9.50
		$2,303,166	**5.79**	$2,285,550	6.10

At December 31, 2001, $200 million of securities sold under repurchase agreements with an interest rate of 6.27% maturing in 2005 were collateralized by mortgage-backed securities having a carrying value of $213.3 million and a market value of $214.7 million. These borrowings are callable quarterly by the counterparty beginning in the third quarter of 2002.

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.

On July 1, 2001, TCF exercised its right of redemption on the $28.8 million of 9.50% senior subordinated debentures at par plus accrued earnings to the date of redemption in accordance with redemption provisions of the debentures.

Included in FHLB advances at December 31, 2001 are $1.3 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 rate exceeded the contract rates on $5.5 million of long-term 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, 2001 were as follows (dollars in thousands):

Year	Stated Maturity	Weighted-Average Rate	Next Call Date	Weighted-Average Rate
2002	$ —	—%	$ 642,500	5.67%
2003	85,000	5.65	300,000	5.68
2004	303,000	5.49	317,000	4.93
2005	246,000	5.92	—	—
2006	203,000	5.55	—	—
2009	122,500	5.16	—	—
2010	100,000	5.92	—	—
2011	200,000	4.78	—	—
	$1,259,500	5.49	$1,259,500	5.49

FHLB advances are collateralized by residential real estate loans and FHLB stock with an aggregate carrying value of $2.5 billion at December 31, 2001.

13 *Income Taxes*

Income tax expense consists of:

(In thousands)	Current	Deferred	Total
Year ended December 31, 2001:			
Federal	**$112,288**	**$3,707**	**$115,995**
State	**6,188**	**329**	**6,517**
	$118,476	**$4,036**	**$122,512**
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

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:

	Year Ended December 31,		
(In thousands)	**2001**	2000	1999
Computed income tax expense	**$115,442**	$105,993	$ 95,582
Increase in income tax expense resulting from:			
Amortization of goodwill	**2,553**	2,544	2,724
State income tax, net of federal income tax benefit	**4,236**	5,840	8,076
Other, net	**281**	2,216	670
	$122,512	$116,593	$107,052

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

(In thousands)	At December 31, 2001	2000
Deferred tax assets:		
Securities available for sale	$ —	$ 5,755
Allowance for loan and lease losses	21,829	20,471
Pension and other compensation plans	17,034	15,710
Total deferred tax assets	38,863	41,936
Deferred tax liabilities:		
Securities available for sale	3,580	–
Lease financing	53,158	50,653
Loan fees and discounts	14,596	12,570
Mortgage servicing	8,912	2,884
Other, net	399	4,240
Total deferred tax liabilities	80,645	70,347
Net deferred tax assets (liabilities)	$(41,782)	$(28,411)

14 *Stockholders' Equity*

RESTRICTED RETAINED EARNINGS — Retained earnings at December 31, 2001 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.

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.

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 one 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, 2001	2000
Treasury stock, at cost	$(463,394)	$(325,026)
Shares held in trust for deferred compensation plans, at cost	(71,652)	(61,908)
Unamortized deferred compensation	(31,688)	(33,056)
Loans to deferred compensation plans	(9,783)	(5,137)
	$(576,517)	$(425,127)

TCF purchased 3,670,107, 3,243,800 and 4,091,611 shares of its common stock during the years ended December 31, 2001, 2000 and 1999, respectively. At December 31, 2001, TCF has 6.7 million shares remaining in its stock repurchase programs authorized by the Board of Directors.

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, 2001 and 2000, there were no open forward purchases under this contract.

SHARES HELD IN TRUST FOR DEFERRED COMPENSATION PLANS – TCF has deferred compensation plans that allow eligible executives, senior officers and certain other employees to defer payment of up to 100% of their base salary and bonus as well as grants of restricted stock. There are no company contributions to these plans, other than payment of administrative expenses. The amounts deferred are invested in TCF stock or other publicly traded stocks and bonds. At December 31, 2001 the assets in the plans totaled $200.4 million and included $193.6 million invested in TCF common stock. The cost of TCF common stock held by TCF's deferred compensation plans is reported separately in a manner similar to treasury stock (that is, changes in fair value are not recognized) with a corresponding deferred compensation obligation reflected in additional paid-in capital.

LOANS TO DEFERRED COMPENSATION PLANS – 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 non-recourse basis to purchase shares of TCF common stock for the accounts of participants. During September 2001, most participant accounts were refinanced and an additional $6.2 million was loaned to the plan to purchase additional shares of TCF stock. The amount of the loan related to an individual participant is limited to what could be serviced (fully amortized over a five-year term) through dividend payments on existing and newly acquired shares of TCF common stock in the participant's account. The loans are repayable by the participants over five years and bear interest at 6.625% to 8.00% and are secured by a pledge of stock acquired through the loan, future income to the participant's account and a contingent deferral commitment from each participant. These loans are reflected as a reduction of stockholders' equity as required by generally accepted accounting principles.

During 2001, loans totaling $755,000 were made by TCF to the Directors' Deferred Compensation Plan trustee on a non-recourse 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 6.625% and are secured by the shares of TCF common stock purchases with the loan proceeds. These loans have a remaining principal balance of $721,000 at December 31, 2001, which is reflected as a reduction of stockholders' equity as required by generally accepted accounting principles.

15 *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,			
	2001		2000	
(Dollars in thousands)	Amount	Percentage	Amount	Percentage
Tier 1 leverage capital	$758,728	6.62%	$758,766	6.90%
Tier 1 leverage capital requirement	343,996	3.00	330,110	3.00
Excess	$414,732	3.62%	$428,656	3.90%
Tier 1 risk-based capital	$758,728	10.24%	$758,766	10.66%
Tier 1 risk-based capital requirement	296,260	4.00	284,827	4.00
Excess	$462,468	6.24%	$473,939	6.66%
Total risk-based capital	$833,821	11.26%	$825,527	11.59%
Total risk-based capital requirement	592,520	8.00	569,655	8.00
Excess	$241,301	3.26%	$255,872	3.59%

At December 31, 2001, 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.

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. At December 31, 2001, there were 2,881,069 shares reserved for issuance under the Program, including 370,125 shares related to outstanding stock options.

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. 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.

ACCOUNTING FOR STOCK-BASED COMPENSATION — Effective January 1, 2000, TCF adopted the recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," for stock-based grants 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 were 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 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 $11.1 million, $9.4 million and $9.5 million in 2001, 2000 and 1999, 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 diluted earnings per common share would have been $164.6 million and $1.98, respectively, for the year ended December 31, 1999.

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: risk-free interest rates of 5.03%; dividend yield of 2.7%; expected lives of 7 years; and volatility of 27.0%.

The weighted-average grant date fair value of options was $6.59 and $7.02 in 2000 and 1999, respectively. No options were granted in 2001. The weighted-average grant date fair value of restricted stock was $39.53, $24.60 and $25.94 in 2001, 2000 and 1999, respectively.

The following table reflects TCF's stock option and restricted stock transactions under the Program since December 31, 1998:

	Stock Options			Restricted Stock	
		Exercise Price			
	Shares	Range	Weighted-Average	Shares	Price Range
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
Granted	–	–	–	262,340	27.98–48.20
Exercised	(86,832)	3.46-32.19	17.47	–	–
Forfeited	(10,558)	23.56–32.19	24.73	(18,850)	27.98–48.20
Vested	–	–	–	(59,179)	16.56–40.75
Outstanding at December 31, 2001	**370,125**	**5.33–33.28**	**24.65**	**2,459,411**(1)	
Exercisable at December 31, 2001	**204,127**	**5.33–33.28**	**22.48**		

(1) 848,899 shares vested on January 2, 2002.

The following table summarizes information about stock options outstanding at December 31, 2001:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Shares	Weighted-Average Exercise Price
$5.33 to $20.00	43,325	$ 7.83	1.9	43,325	$ 7.83
$20.01 to $25.00	167,250	23.59	7.0	96,902	23.61
$25.01 to $30.00	72,050	28.91	7.5	30,400	28.94
$30.01 to $33.28	87,500	31.50	6.1	33,500	32.26
Total Options	370,125	24.65	6.3	204,127	22.48

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 then 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:

	Pension Plan		Postretirement Plan	
	Year Ended December 31,		Year Ended December 31,	
(In thousands)	**2001**	2000	**2001**	2000
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 32,544**	$ 30,728	**$ 7,609**	$ 9,721
Service cost – benefits earned during the year	**2,969**	3,248	**49**	56
Interest cost on benefit obligation	**2,480**	2,431	**547**	523
Amendments	**–**	–	**–**	(2,481)
Actuarial (gain) loss	**323**	(1,942)	**2,182**	179
Benefits paid	**(2,263)**	(1,921)	**(809)**	(389)
Benefit obligation at end of year	**36,053**	32,544	**9,578**	7,609
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	**87,064**	74,867	**–**	–
Actual return on plan assets	**(25,197)**	14,118	**–**	–
Benefits paid	**(2,263)**	(1,921)	**(809)**	(389)
Employer contributions	**–**	–	**809**	389
Fair value of plan assets at end of year	**59,604**	87,064	**–**	–
Funded status of plans:				
Funded status at end of year	**23,551**	54,520	**(9,578)**	(7,609)
Unrecognized transition obligation	**–**	–	**2,304**	2,513
Unrecognized prior service cost	**(1,869)**	(2,926)	**–**	–
Unrecognized net (gain) loss	**1,678**	(32,808)	**1,388**	(797)
Prepaid (accrued) benefit cost at end of year	**$ 23,360**	$ 18,786	**$(5,886)**	$(5,893)

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

	Pension Plan			Postretirement Plan		
	Year Ended December 31,			Year Ended December 31,		
(In thousands)	**2001**	2000	1999	**2001**	2000	1999
Service cost	**$ 2,969**	$ 3,248	$ 3,297	**$ 49**	$ 56	$ 426
Interest cost	**2,480**	2,431	2,059	**547**	523	630
Expected return on plan assets	**(7,156)**	(6,207)	(5,155)	**–**	–	–
Amortization of transition obligation	**–**	–	–	**209**	209	342
Amortization of prior service cost	**(1,057)**	(1,057)	(1,057)	**–**	–	109
Recognized actuarial gain	**(1,810)**	(915)	–	**(3)**	(22)	(12)
Net periodic benefit cost (credit)	**$(4,574)**	$(2,500)	$ (856)	**$802**	$766	$1,495

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			Postretirement Plan		
	Year Ended December 31,			Year Ended December 31,		
	2001	2000	1999	**2001**	2000	1999
Discount rate	**7.50%**	7.50%	7.50%	**7.50%**	7.50%	7.50%
Rate of increase in future compensation	**4.50**	5.00	5.00	**N.A.**	N.A.	N.A.
Expected long-term rate of return on plan assets	**10.00**	10.00	10.00	**N.A.**	N.A.	N.A.

N.A. Not applicable.

The Pension Plan's assets consist primarily of listed stocks. At December 31, 2001 and 2000, the Pension Plan's assets included TCF common stock with a market value of $11.8 million and $11.3 million, respectively.

For active participants of the Postretirement Plan, a 6.8% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2002. This rate is assumed to decrease gradually to 6% for the year 2004 and remain at that level thereafter. For most retired participants, the annual rate of increase is assumed to be 4% for all future years.

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 service and interest cost components	$ 13	$ (12)
Effect on postretirement benefits obligations	131	(117)

EMPLOYEES STOCK PURCHASE PLAN – The TCF Employees Stock Purchase Plan generally allows participants to make contributions by salary deduction of up to 18% of their salary on a tax-deferred basis (12% prior to November 1, 2001). 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. Employee contributions and matching contributions are invested in TCF stock. Employees age 50 and over may invest all or a portion of their account balance in various mutual funds. The Company's matching contributions are expensed when made. At December 31, 2001, the assets in the plan totaled $200.2 million and included $197.3 million invested in TCF common stock. Additionally, as of December 31, 2001, $76.5 million of plan assets were eligible for diversification under plan provisions. TCF's contribution to the plan was $3 million, $2.7 million and $2.8 million in 2001, 2000 and 1999, respectively.

18 *Derivative Instruments and Hedging Activities*

Effective January 1, 2001, TCF adopted 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 are recorded at fair value, with the changes in fair value recognized in gains on sales of loans held for sale in the consolidated statements of income. TCF economically 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 was not material. A transition adjustment of $117,000 was recorded in other income in the consolidated statements of income on January 1, 2001. During 2001, the ineffectiveness of the fair value hedges was not material. Forward mortgage loan sales commitments totaled $490.9 million and $121.7 million at December 31, 2001 and 2000, respectively.

19 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.

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. At December 31, 2001 these commitments totaled $1.6 billion and consisted of consumer commitments of $955.7 million, commercial commitments of $494.5 million, leasing and equipment financing commitments of $71.6 million and other commitments of $32.5 million. At December 31, 2000 these commitments totaled $1.2 billion and consisted of consumer commitments of $706.9 million, commercial commitments of $411.3 million, leasing and equipment finance commitments of $71.6 million and other commitments of $47 million. 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.

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 2003 and totaled $12.7 million and $28.8 million at December 31, 2001 and 2000, 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 liability relating to the loans serviced with partial recourse was $100,000 and $100,000 at December 31, 2001 and 2000, respectively and was recorded in other liabilities. The serviced loans are collateralized by residential real estate and totaled $179.7 million and $182.1 million at December 31, 2001 and 2000, 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. There were no forward settlements of FHLB advances at December 31, 2001. Forward settlements of FHLB advances totaled $300 million at December 31, 2000.

20 Fair Values of Financial Instruments

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

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

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

LOANS – The fair value of residential loans is estimated 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, savings 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. The intangible value of long-term relationships with depositors is not taken into account in the fair values disclosed in the table below.

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

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK – The fair values of TCF's commitments to extend credit and standby letters of credit are estimated using fees currently charged to enter into similar agreements. For fixed-rate loan commitments and standby letters of credit issued in conjunction with fixed-rate loan agreements, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of VA loans serviced with partial recourse approximates the carrying value recorded in other liabilities. The fair values of forward settlements of FHLB advances are based on the difference between current levels of interest rates and the committed rates.

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

	At December 31,			
	2001		2000	
(In thousands)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial instrument assets:				
Loans held for sale	$ 451,609	$ 454,536	$ 227,779	$ 231,306
Forward mortgage loan sales commitments	7,352	7,352	–	–
Loans:				
Consumer	2,509,333	2,548,617	2,234,134	2,408,672
Commercial real estate	1,622,461	1,644,263	1,371,841	1,381,222
Commercial business	422,381	417,896	410,422	410,003
Equipment finance loans	271,398	275,148	207,059	210,434
Residential real estate	2,733,290	2,795,894	3,673,831	3,712,568
Allowance for loan losses(1)	(66,876)	–	(60,816)	–
	$ 7,943,596	$ 8,136,354	$ 8,064,250	$ 8,354,205
Financial instrument liabilities:				
Checking, savings and money market deposits	$ 4,778,714	$ 4,778,714	$ 4,086,219	$ 4,086,219
Certificates	2,320,244	2,357,872	2,805,605	2,836,340
Short-term borrowings	719,859	719,859	898,695	898,695
Long-term borrowings	2,303,166	2,410,329	2,285,550	2,309,323
	$10,121,983	$10,266,774	$10,076,069	$10,130,577
Financial instruments with off-balance-sheet risk:(2)				
Commitments to extend credit(3)	$ 13,767	$ 13,767	$ 12,045	$ 12,045
Standby letters of credit(4)	2,409	2,409	(2)	(2)
Federal Home Loan Bank advance forward settlements	–	–	–	(6,985)
	$ 16,176	$ 16,176	$ 12,043	$ 5,058

(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.

21 Earnings Per Common Share

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

(Dollars in thousands, except per-share data)	Year Ended December 31, 2001	2000	1999
Basic Earnings Per Common Share			
Net income	$ 207,322	$ 186,245	$ 166,039
Weighted average common shares outstanding	75,825,017	78,648,765	82,445,288
Basic earnings per common share	$ 2.73	$ 2.37	$ 2.01
Diluted Earnings Per Common Share			
Net income	$ 207,322	$ 186,245	$ 166,039
Weighted average number of common shares outstanding adjusted for effect of dilutive securities:			
Weighted average common shares outstanding used in basic earnings per common share calculation	75,825,017	78,648,765	82,445,288
Net dilutive effect of:			
Stock option plans	149,711	113,338	172,486
Restricted stock plans	868,209	626,572	452,944
	76,842,937	79,388,675	83,070,718
Diluted earnings per common share	$ 2.70	$ 2.35	$ 2.00

22 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 comprehensive income:

(In thousands)	Year Ended December 31, 2001	2000	1999
Net income	$207,322	$186,245	$166,039
Other comprehensive income (loss) before tax:			
Unrealized holding gains (losses) arising during the period on securities available for sale	26,295	59,726	(84,503)
Reclassification adjustment for gains included in net income	(863)	–	(3,194)
Income tax expense (benefit)	9,335	22,212	(32,724)
Total other comprehensive income (loss), net of tax	16,097	37,514	(54,973)
Comprehensive income	$223,419	$223,759	$111,066

23 Business Segments

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

TCF evaluates performance and allocates resources based on the segments' net income. The 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 to TCF's chief operating decision maker.

The following table sets forth certain information about the reported profit or loss and assets of each of TCF's reportable segments, including a reconciliation of TCF's consolidated totals. Results for 2001 reflect changes in methodologies of certain allocations. Leasing and equipment finance results for 2001 include an increase of $1.5 million, after-tax, in intercompany expense. The mortgage banking results for 2001 include a reduction of $1.2 million after-tax, in intercompany expense compared with 2000. The net offsets to these changes in intercompany expenses are included in banking results. The results of TCF's parent company and corporate functions comprise the "other" category in the table below.

(In thousands)	Banking	Leasing and Equipment Finance	Mortgage Banking	Other	Eliminations and Reclassifications	Consolidated
At or For the Year Ended December 31, 2001:						
Revenues from external customers:						
Interest income	**$ 722,722**	**$ 89,131**	**$ 14,334**	**$ 422**	**$ —**	**$ 826,609**
Non-interest income	**313,501**	**45,730**	**12,042**	**213**	**—**	**371,486**
Total	**$ 1,036,223**	**$134,861**	**$ 26,376**	**$ 635**	**$ —**	**$ 1,198,095**
Net interest income	**$ 423,043**	**$ 39,429**	**$ 14,919**	**$ 433**	**$ 3,398**	**$ 481,222**
Provision for credit losses	**7,359**	**13,519**	**—**	**—**	**—**	**20,878**
Non-interest income	**313,501**	**45,730**	**15,439**	**96,829**	**(100,013)**	**371,486**
Amortization of goodwill	**7,350**	**427**	**—**	**—**	**—**	**7,777**
Other non-interest expense	**432,298**	**38,369**	**20,893**	**99,274**	**(96,615)**	**494,219**
Income tax expense	**109,063**	**12,410**	**3,577**	**(2,538)**	**—**	**122,512**
Net income	**$ 180,474**	**$ 20,434**	**$ 5,888**	**$ 526**	**$ —**	**$ 207,322**
Total assets	**$10,982,411**	**$988,387**	**$374,263**	**$102,132**	**$(1,088,478)**	**$11,358,715**
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	10,519	87	—	336,276
Total	$ 1,038,322	$ 108,411	$ 15,711	$ 513	$ —	$ 1,162,957
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	15,711	90,640	(95,745)	336,276
Amortization of goodwill	7,310	396	—	—	—	7,706
Other non-interest expense	401,217	25,813	19,432	93,588	(90,554)	449,496
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	269,240	28,490	15,961	2	—	313,693
Total	$ 968,691	$ 76,052	$ 20,629	$ 422	$ —	$ 1,065,794
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	269,240	28,490	20,152	82,564	(86,753)	313,693
Amortization of goodwill	7,320	393	—	—	—	7,713
Other non-interest expense	397,135	19,062	27,809	84,731	(88,558)	440,179
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

24 *Other Expense*

Other expense consists of the following:

(In thousands)	Year Ended December 31, 2001	2000	1999
Deposit account losses	**$ 19,415**	$ 19,479	$ 17,172
Postage and courier	**13,150**	11,442	10,876
Telecommunication	**11,541**	13,345	13,386
Office supplies	**9,881**	9,216	8,879
ATM interchange	**9,723**	11,735	11,156
Loan and lease	**6,787**	3,979	5,469
Federal deposit insurance and OCC assessments	**2,757**	2,837	5,307
Deposit base intangible amortization	**1,939**	2,295	2,976
Other	**51,627**	41,505	35,311
	$126,820	$115,833	$110,532

25 *Parent Company Financial Information*

Effective January 1, 2001, certain company-wide functions previously included in the parent company were transferred, with related assets and liabilities, to TCF National Bank. The impact of this transfer is reflected in the following financial statements. TCF Financial Corporation's (parent company only) condensed statements of financial condition as of December 31, 2001 and 2000, and the condensed statements of income and cash flows for the years ended December 31, 2001, 2000 and 1999 are as follows:

CONDENSED STATEMENTS OF FINANCIAL CONDITION

(In thousands)	At December 31, 2001	2000
Assets:		
Cash	**$ 37**	$ 191
Interest-bearing deposits with banks	**2,657**	23,996
Investment in bank subsidiaries	**880,200**	835,933
Premises and equipment	**388**	11,947
Dividends receivable from bank subsidiaries	**16,100**	25,000
Other assets	**32,221**	35,315
	$931,603	$932,382
Liabilities and Stockholders' Equity:		
Short-term borrowings	**$ 2,000**	$ –
Other liabilities	**12,570**	22,162
Total liabilities	**14,570**	22,162
Stockholders' equity	**917,033**	910,220
	$931,603	$932,382

CONDENSED STATEMENTS OF INCOME

(In thousands)	2001	2000	1999
	Year Ended December 31,		
Interest income	$ 833	$ 1,192	$ 576
Interest expense	376	1,726	4,000
Net interest income (expense)	457	(534)	(3,424)
Cash dividends received from consolidated bank subsidiaries	206,970	212,327	164,791
Other non-interest income:			
Affiliate service fees	14,292	90,553	82,567
Other	95	87	(3)
Total other non-interest income	14,387	90,640	82,564
Non-interest expense:			
Compensation and employee benefits	13,785	54,506	49,171
Occupancy and equipment	784	16,133	14,982
Other	1,690	22,970	20,622
Total non-interest expense	16,259	93,609	84,775
Income before income tax benefit and equity in undistributed earnings of subsidiaries	205,555	208,824	159,156
Income tax benefit	496	1,435	1,852
Income before equity in undistributed earnings of subsidiaries	206,051	210,259	161,008
Equity in undistributed earnings of subsidiaries	1,271	(24,014)	5,031
Net income	$207,322	$186,245	$166,039

CONDENSED STATEMENTS OF CASH FLOWS

(In thousands)	2001	2000	1999
	Year Ended December 31,		
Cash flows from operating activities:			
Net income	$ 207,322	$ 186,245	$ 166,039
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed earnings of subsidiaries	(1,271)	24,014	(5,031)
Other, net	5,381	13,381	15,554
Total adjustments	4,110	37,395	10,523
Net cash provided by operating activities	211,432	223,640	176,562
Cash flows from investing activities:			
Net (increase) decrease in interest-bearing deposits with banks	21,339	(21,357)	(238)
Investments in subsidiaries, net	(6,000)	–	(1,000)
Loan to deferred compensation plans, net	(4,646)	(416)	1,390
Purchases of premises and equipment, net	(273)	(4,300)	(6,624)
Other, net	–	525	579
Net cash provided (used) by investing activities	10,420	(25,548)	(5,893)
Cash flows from financing activities:			
Dividends paid on common stock	(77,473)	(66,101)	(60,755)
Purchases of common stock	(148,043)	(73,824)	(106,106)
Net increase (decrease) in short-term borrowings	2,000	(64,357)	(9,643)
Other, net	1,510	5,708	6,330
Net cash used by financing activities	(222,006)	(198,574)	(170,174)
Net increase (decrease) in cash	(154)	(482)	495
Cash at beginning of year	191	673	178
Cash at end of year	$ 37	$ 191	$ 673

26 *Litigation and Contingent Liabilities*

From time to time, TCF is a party to legal proceedings arising out of its lending, deposit operations or other activities. TCF engages in 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 been subjected to significant exposure in connection with litigation, including class action litigation and punitive damage claims. 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. Based upon a review with its legal counsel, management believes that the ultimate disposition of pending 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, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2001. 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 as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2001, 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.

KPMG LLP

Minneapolis, Minnesota
January 16, 2002

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(Dollars in thousands, except per-share data)	At Dec. 31, 2001	At Sept. 30, 2001	At June 30, 2001	At March 31, 2001	At Dec. 31, 2000	At Sept. 30, 2000	At June 30, 2000	At March 31, 2000
Selected Financial Condition Data:								
Total assets	**$11,358,715**	$11,723,353	$11,628,663	$11,845,124	$11,197,462	$10,980,000	$10,905,705	$10,761,821
Securities available for sale	**1,584,661**	1,794,136	1,843,871	1,928,338	1,403,888	1,413,218	1,436,836	1,470,532
Residential real estate loans	**2,733,290**	3,122,970	3,251,813	3,450,311	3,673,831	3,797,023	3,866,659	3,932,944
Other loans and leases	**5,510,912**	5,334,359	5,181,260	5,010,256	4,872,868	4,562,644	4,364,491	4,158,849
Deposits	**7,098,958**	7,057,945	6,916,145	7,030,818	6,891,824	6,810,921	6,719,962	6,823,248
Borrowings	**3,023,025**	3,459,286	3,571,501	3,675,428	3,184,245	3,115,066	3,205,732	2,975,080
Stockholders' equity	**917,033**	898,486	890,369	895,066	910,220	859,444	807,382	780,311

	Three Months Ended							
	Dec. 31, 2001	Sept. 30, 2001	June 30, 2001	March 31, 2001	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
Selected Operations Data:								
Interest income	**$ 195,777**	$ 205,545	$ 212,726	$ 212,561	$ 214,408	$ 210,709	$ 204,407	$ 197,157
Interest expense	**70,031**	83,138	93,448	98,770	103,584	100,035	94,209	90,317
Net interest income	**125,746**	122,407	119,278	113,791	110,824	110,674	110,198	106,840
Provision for credit losses	**6,955**	6,076	5,422	2,425	4,711	3,688	5,383	990
Net interest income after provision for credit losses	**118,791**	116,331	113,856	111,366	106,113	106,986	104,815	105,850
Non-interest income:								
Fees and other revenues	**95,621**	95,295	95,650	80,741	86,343	84,069	81,308	71,743
Gains on sales of branches	**—**	—	—	3,316	8,947	—	3,866	—
Gains on sales of securities available for sale	**863**	—	—	—	—	—	—	—
Total	**96,484**	95,295	95,650	84,057	95,290	84,069	85,174	71,743
Non-interest expense:								
Amortization of goodwill	**1,944**	1,944	1,945	1,944	1,940	1,937	1,915	1,914
Other non-interest expense	**129,484**	124,715	124,008	116,012	114,641	113,189	112,200	109,466
Total	**131,428**	126,659	125,953	117,956	116,581	115,126	114,115	111,380
Income before income tax expense	**83,847**	84,967	83,553	77,467	84,822	75,929	75,874	66,213
Income tax expense	**29,652**	32,077	31,539	29,244	32,657	29,232	29,212	25,492
Net income	**$ 54,195**	$ 52,890	$ 52,014	$ 48,223	$ 52,165	$ 46,697	$ 46,662	$ 40,721
Per common share:								
Basic earnings	**$ .73**	$ .70	$ .68	$ .62	$ .67	$ .60	$ .60	$ .51
Diluted earnings	**$ .72**	$ .69	$ .67	$ .62	$ .66	$ .59	$ .59	$ .51
Diluted cash earnings(1)	**$ .74**	$ .72	$ .70	$ .64	$ .68	$ .61	$ .61	$ .53
Dividends declared	**$ .25**	$ .25	$ .25	$ .25	$ .2125	$ .2125	$ .2125	$ .1875
Mortgage Banking Revenues:								
Servicing income	**$ 4,676**	$ 4,316	$ 4,180	$ 3,760	$ 3,739	$ 3,141	$ 2,860	$ 2,902
Less: Mortgage servicing amortization and impairment	**9,411**	4,973	4,076	2,504	1,779	1,207	1,130	1,210
Net servicing income (loss)	**(4,735)**	(657)	104	1,256	1,960	1,934	1,730	1,692
Gains on sales of loans	**4,551**	3,277	3,373	594	637	215	246	249
Other income	**1,240**	1,012	1,358	669	563	601	475	217
Total mortgage banking	**$ 1,056**	$ 3,632	$ 4,835	$ 2,519	$ 3,160	$ 2,750	$ 2,451	$ 2,158
Financial Ratios:(2)								
Return on average assets	**1.88%**	1.81%	1.78%	1.71%	1.89%	1.71%	1.73%	1.53%
Cash return on average assets(1)	**1.94**	1.88	1.84	1.77	1.96	1.78	1.80	1.60
Return on average realized common equity	**24.44**	23.68	23.22	21.47	23.17	21.52	22.19	19.24
Return on average common equity	**23.92**	23.48	23.37	21.54	23.78	22.55	23.72	20.55
Cash return on average realized common equity(1)	**25.30**	24.53	24.07	22.31	24.01	22.39	23.09	20.12
Average total equity to average assets	**7.85**	7.72	7.61	7.93	7.95	7.60	7.28	7.44
Average tangible equity to average assets	**6.50**	6.36	6.23	6.48	6.45	6.06	5.72	5.84
Net interest margin	**4.74**	4.55	4.40	4.35	4.33	4.38	4.38	4.32

(1) Excludes amortization of goodwill, net of income tax benefit.

(2) Annualized.

Senior Officers

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Edward F. Tierney

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William A. Miller

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Carol B. Schirmers

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Paul L. Gendler
John G. McManigal
Deborah L. Mogensen
Richard J. Pieper
Dean J. Stinchfield

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Mark D. Nyquist

Senior Vice Presidents
Peter C. Darin
Walter E. Dzielsky
Bradley C. Gunstad
Thomas F. Jasper
Timothy A. Pratt
William D. Reinke
Charles A. Sell, Jr.

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Brian J. Hurd

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Chairman of the Board and Chief Executive Officer

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Chairman, Acrometal Management Corporation

Rodney P. Burwell[2,3,5]
Chairman, Xerxes Corporation

Thomas A. Cusick[4]
Vice Chairman and Chief Operating Officer

John M. Eggemeyer III[2,3,5]
President, Castle Creek Capital LLC

Robert E. Evans[1]
Retired Vice Chairman

Luella G. Goldberg[2,3,4]
Past Chair, University of Minnesota Foundation, Former Acting President, Wellesley College

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CPA/Managing Director, George Johnson & Co.

Thomas J. McGough[1,4]
President, McGough Construction Company, Inc.

Richard F. McNamara[2,3]
Chief Executive Officer, Activar, Inc.

Lynn A. Nagorske
President

Ralph Strangis[2,3,4,5]
Senior Partner, Kaplan, Strangis and Kaplan, P.A.

Gerald A. Schwalbach[2,3,5]
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
5 De Novo Expansion 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 (42)
Greater Minnesota (6)

Supermarket Branches
Minneapolis/St. Paul Area (36)
Greater Minnesota (4)

Illinois/Wisconsin/Indiana

Headquarters
800 Burr Ridge Parkway
Burr Ridge, IL 60527
(630) 986-4900

Traditional Branches
Chicagoland (30)
Milwaukee Area (11)
Kenosha/Racine Area (7)

Supermarket Branches
Chicagoland (149)
Milwaukee Area (13)
Kenosha/Racine Area (2)
Indiana (5)

Michigan

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

Traditional Branches
Metro Detroit Area (32)
Greater Michigan (12)

Supermarket Branches
Metro Detroit Area (12)
Greater Michigan (1)

Colorado

Headquarters
9200 East Panorama Circle
Suite 100
Englewood, CO 80112
(303) 858-8519

Traditional Branches
Colorado Springs (1)

Supermarket Branches
Metro Denver Area (9)
Colorado Springs (3)

TCF Mortgage Corporation

Headquarters
801 Marquette Avenue
Mail Code 001-04-O
Minneapolis, MN 55402
(612) 661-7501

Winthrop Resources Corporation

Headquarters
11100 Wayzata Boulevard
Suite 800
Minnetonka, MN 55305
(952) 936-0226

TCF Leasing, Inc.

Headquarters
11100 Wayzata Boulevard
Minnetonka, MN 55305
(952) 656-5080

STOCK DATA

Year	Close	High	Low	Dividends Paid Per Share
2001				
Fourth Quarter	**$47.98**	**$48.25**	**$39.40**	**$ .25**
Third Quarter	**46.06**	**51.12**	**39.45**	**.25**
Second Quarter	**46.31**	**46.55**	**34.90**	**.25**
First Quarter	**37.79**	**44.38**	**32.81**	**.25**
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

TRADING OF COMMON STOCK

The common stock of TCF Financial Corporation is listed on the New York Stock Exchange under the symbol TCB. At December 31, 2001, TCF had approximately 76.9 million shares of common stock outstanding.

2002 COMMON STOCK DIVIDEND DATES

Expected Record:	*Expected Payment:*
February 1	February 28
May 10	May 31
August 2	August 30
November 1	November 29

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company
PO Box 43010
Providence, RI 02940-3010
(800) 730-4001
www.equiserve.com

COMMON STOCK DIVIDEND REINVESTMENT PLAN

Approximately 66% of TCF's 10,003 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:

EquiServe Trust Company
PO Box 43010
Providence, RI 02940-3010
(800) 730-4001
www.equiserve.com

INVESTOR/ANALYST CONTACTS

Jason E. Korstange
Senior Vice President
Corporate Communications
(952) 745-2755

Patricia L. Quaal
Senior Vice President
Investor Relations
(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. Information may also be obtained from:

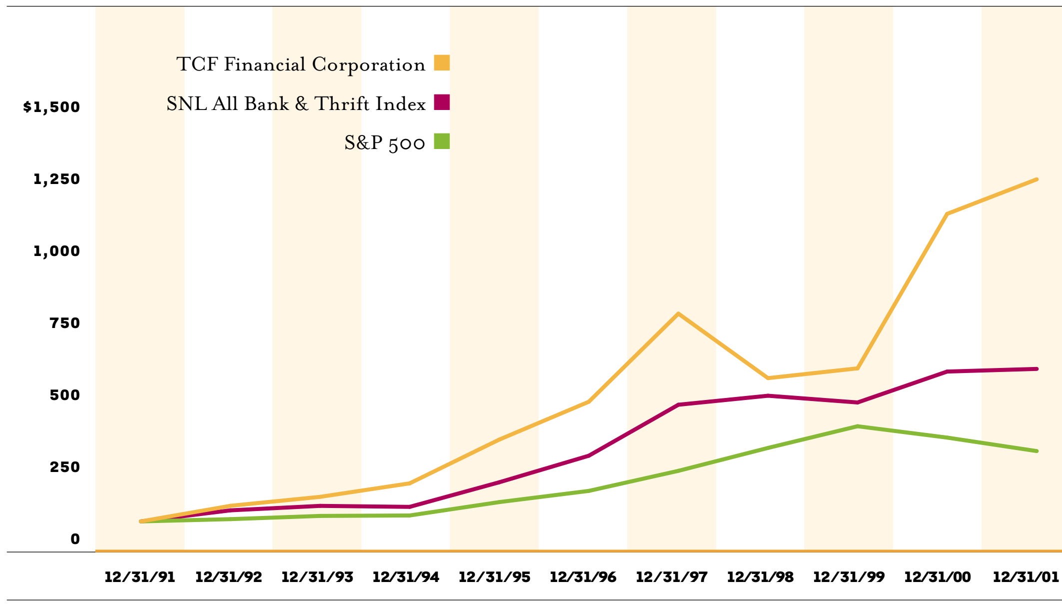
TCF Financial Corporation
Corporate Communications
200 Lake Street East
EX0-02-C
Wayzata, MN 55391-1693
(952) 745-2760

CORPORATE WEB SITE

Please visit our web site at www.tcfexpress.com for investor information, news, investor presentations, and access to TCF's quarterly conference calls.

ANNUAL MEETING

The annual meeting of shareholders of TCF will be held on Wednesday, May 8, 2002 at 10:30 a.m. at the Sheraton Minneapolis West, 12201 Ridgedale Drive, Minnetonka, Minnesota.



Assumes $100 invested December 31, 1991 with dividends reinvested.

CREDIT RATINGS

Last Rating Action	Last Review October 2001
Moody's	
TCF National Bank:	
Outlook	Stable
Issuer	A2
Long-term deposits	A2
Short-term deposits	P-1
Bank financial strength	C+

Last Rating Action	Last Review August 2001
Standard & Poor's	
Outlook	Positive
TCF Financial Corporation:	
Long-term counterparty	BBB
Short-term counterparty	A-2
TCF National Bank:	
Long-term counterparty	BBB+
Short-term counterparty	A-2

Last Rating Action	Last Review December 2000
FITCH	
Outlook	Stable
Issuer ratings	B
TCF Financial Corporation:	
Long-term senior	A-
Short-term	F-1
TCF National Bank	
Long-term deposits	A
Short-term obligations	F-1

DESIGN: THE NANCEKIVELL GROUP

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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