TCF has proven over time that we are "The Leader In Convenience Banking" for retail customers in the markets we serve. In 2002, this strategy was expanded as TCF began development of a new convenience product for our commercial business customers. TCF Express Business allows commercial customers to access complete balance reporting, initiate transfers, stop payments, and ACH transactions from any personal computer worldwide, 24 hours a day, 365 days a year. This important new product positions TCF to become a leader in providing commercial banking convenience services.

At TCF, we are firmly committed to being the most convenient bank in each of our markets, by continuing to provide innovative new banking solutions for our customers.

POWER ASSETS AND POWER LIABILITIES

Power Assets and Power Liabilities, TCF's "Power Businesses," were the primary drivers of TCF's impressive double-digit earnings growth in 2002. TCF defines Power Assets as higher-yielding commercial loans, commercial real estate loans, leases, and consumer home equity loans. Power Liabilities include checking, savings, and money market accounts, and certificates of deposit. Power Assets and Power Liabilities comprise less than 60 percent of TCF's balance sheet, yet in 2002, they contributed over 83 percent of net income.

Changes in net interest income are dependent upon the movement of interest rates, level of non-performing assets and other factors. In 2002, TCF was able to increase net interest income from $481.2 million to $499.2 million, up 4 percent, despite very low interest rates. The primary reason for this increase was the impact on the income statement of the change in the mix of our balance sheet in both Power Assets and Power Liabilities.

TCF has offered "Totally Free Checking" since 1986 – and the checking account continues to be our most popular and profitable product. In 2002, our 395-branch system added over 89,000 checking accounts and ended 2002 with 1,338,313 checking accounts. Checking account growth is a demonstrated strength of TCF and 1.3 million accounts is a customer base generally found in much larger banks. We use the checking account as the starting point with the customer and then build the relationship by cross-selling additional products and services. In 2002, this resulted in $2.9 billion in checking deposits, an increase of 13 percent, $2 billion in savings deposits, an increase of 58 percent; and $884.6 million in money market accounts. Certificates of deposit declined $401.5 million this year, due to TCF's disciplined pricing and availability of other lower-cost funding sources.

These low-cost liabilities have additional benefits. As the balance and percentage of Power Liabilities on the balance sheet increases, we can continue to underwrite Power Assets without taking inappropriate credit risk. In 2002, TCF once again had one of the lowest charge-off ratios of the top 50 banks in the country.

In Power Assets, both Consumer and Commercial Real Estate banking operations had an outstanding year of double-digit growth. Consumer Loans, which are 99 percent home equity loans, increased $496.5 million, nearly 20 percent, during 2002 to end the year at $3 billion. Many factors contributed to this increase. Tiered-pricing, which we introduced in 1999, allowed us to offer products with attractive loan rates and flexible loan-to-value options while maintaining our credit quality, which remains at a level well above the national average for banks our size.

Also, in another year of consumer refinancing, TCF generated $2 billion in loan originations. This was accomplished in part by adding new lenders in our growing supermarket network as well as in our new traditional branches. We also continued our proven strategy of proactively