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TCF Financial Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions] Our first question is from Jon Arfstrom with RBC Capital Markets. Please go ahead.

Jon Arfstrom - RBC Capital Markets

Thanks, good morning.

Lynn A. Nagorske - Chief Executive Officer

Hi.

Jon Arfstrom - RBC Capital Markets

Can you talk a little bit about the margin drivers that surprises a bit on the upside and can you just talk about... whether in the quarter and what kind of outlook you have for that?

Lynn A. Nagorske - Chief Executive Officer

You broke up a little bit Jon, but I think the question was what drove the margin and the one basis point increase in that rate and I am going to ask Tom Jasper our CFO to respond to that.

Thomas F. Jasper - Executive Vice President and Chief Financial Officer

In the quarters Jon, really what we saw was in our short-term borrowings, and checking and savings, deposits reprising down more than our variable rate assets. And one of things on the variable rate consumer loans is that we are having an increase in the number of loans at their contractual floor at the end of the quarter versus at the end of the fourth quarter of last year. And that's really the biggest single item, those two items are the items that are really driving the change, one that changed in the margin.

Jon Arfstrom - RBC Capital Markets

Okay, good and then in terms of loan loss provision that was higher than we had expected and you talked about some specific reserves against that, but is it likely we are going to hang around this \$30 million level or is there anything else in there that might potentially take that down.

Lynn A. Nagorske - Chief Executive Officer

Well, as you know John, we don't make predications for our earnings on a go forward basis, but it's largely going to be dependent on what happens in the housing market and that is the big part of this.

And right now, I would say, I don't see conditions... see conditions staying difficult for the remainder of this year.

Jon Arfstrom - RBC Capital Markets

And are you seeing any stability at all in Minnesota or Michigan? I guess what I'm trying to get at is the rate of deterioration, as to whether or not it's... flowing or accelerating or staying the same?

Lynn A. Nagorske - Chief Executive Officer

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