

THINK CUSTOMERS -
JULI, NATE & THE TWINS



You're not the same
as your neighbors.

We're not the same
as other banks.

Think
MUTUAL BANK

Let us introduce ourselves.

We act responsibly.

Our conservative business practices have allowed us to stay strong – even in challenging times.

We are responsible stewards of your money. We stick to the fundamentals that will sustain us over the long haul.

We give generously to the people and organizations that make our communities great. Helping build vibrant, successful communities benefits us all – and it's the right thing to do.

STEVE



MIKE



THERESA

DICK & THERESA



We put you at the center of all we do.

Bank smart, live well.

It's more than a tag line.
It describes our passion to
help our customers and the
communities we serve.

We aren't just saying that – we mean it. Our customers tell us they trust Think to put their needs first and help them sort out their options.

We take a straightforward and simple approach to banking. We know you have better things to do so we work hard to be easy to work with. Keeping our products, interest rates, and fees simple, lets us focus on you instead of explaining special requirements, hidden fees, teaser rates, or gimmicks.

We simply offer our best prices every day.

We want to hear your story. Putting you first means listening to your dreams, goals, and the worries that keep you awake at night.

Because our employees earn a fixed salary and are not incented by what products you choose or how much money you bring to the bank, you can trust that the recommendations we make will be in your best interest.

As a mutual bank, our sole focus is serving you.

We're owned by our customers, not stockholders. This means we deliver care over sales pressure and indifference. We believe fair prices are more important than increased profits.

Your success is how we measure ours.

Paul Mackin | President and CEO

VICKIE



CAROLYN



ANDY



Our customers tell our story best.

Find out what they're saying at
thinkbank.com/stories

**We can help you with all
your financial needs.**

- Day-to-day banking
- Mortgages
- Planning for retirement or higher education
- Small business banking
- Protecting what you have

Think **thinkbank.com**
MUTUAL BANK 1-800-288-3425



NMLSR ID 440195

Member FDIC

➔ The year in review

Building better lives

At Think Mutual Bank, we are relentless in the pursuit of our mission. We focus on building better lives for our customers, our colleagues and our communities. We call them the 3 C's. Here's a look at some of the work we accomplished in 2013 to address their unique needs:

Customers: After achieving important milestones in 2011 and 2012 that enhanced the infrastructure of the bank, we turned our focus on customers in 2013. At no time was this commitment more evident than when we launched our CHEAP Loans campaign in June. During the campaign we helped numerous customers reach their

financial goals by helping them consolidate debt, lower their auto loan rate or help them finance an important purchase. More than just a loan campaign, this effort provided us thousands of opportunities to review their insurance, refinance a higher rate home loan, consider whether or not they should rethink their retirement plan goals and more. The campaign theme – CHEAP -- quickly became a rallying cry as our employees proved once again that they are **Committed to Helping Everyone Achieve Peace of mind.**

Colleagues: We understand that highly engaged employees are important contributors to our success. In fact, Gallup research tells us that high employee engagement is the biggest contributor to increasing customer engagement. During 2013 our employee engagement rose significantly due to a number of factors including a renewed focus on staff development and the importance of achieving our mission. We increased our efforts to better communicate across the entire organization by increasing the integration between our business lines and our operational support areas and launching an employee intranet

Communities: Giving generously in the communities where we do business is not only the right thing to do and part of our corporate

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2013 Annual Report

Think
MUTUAL BANK

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values, it's good business practice. In fact, we've found that many of our new customers have come to us because of the commitments we make to numerous non-profit organizations. In total, our charitable impact was more than \$1 million in 2013, including monetary donations, in-kind donations, and the value of employee volunteer hours. This included support for the Boys and Girls Club of Rochester, Seasons Hospice, PossAbilities, and the Gillette Children's Hospital. Along with these donations, we again sponsored two significant community events – Down by the Riverside in Rochester and Think Night at the Minnesota Zoo in Apple Valley. These two events have become important to so many – both customers and non-customers. They also serve to reinforce the Think Mutual Bank brand to the thousands of people who attend.

Safe, sound and mutually owned

As a mutual institution, Think's safety and soundness is the result of prudent management. Our financial strength remains a top priority as evidenced by the company's increase in equity capital to over \$212 million, or 14.3% of our total assets ranking us amongst the industry's most well capitalized banks. We grow the organization by serving the needs of our customers rather than stockholders. We believe our approach will continue to sustain the organization for a long time to come.

It all comes down to a singular focus - our mission. We look forward to helping you and yours build a better life this year and for many years beyond.

1-800-288-3425
thinkbank.com



Bruce Remme
Board Chair



Paul Mackin
President and CEO

"Our mission is what motivates us to do what we do every day."

Board of Directors

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Barbara Baasch, Director
Bruce Shay, Vice Chair
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Karen Koelsch, Director
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SVP / Chief Financial Officer
Jenny Hosfeld
SVP / Community Banking
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SVP / Chief People Officer
Michael Snyder
SVP / Financial Services
Steve Spohn
SVP / General Counsel
Tom Floyd
SVP / Chief Technology Officer

Statement of Financial Condition

For the years ending December 31, 2013 and 2012. (In thousands)

	2013	2012
ASSETS		
Cash and Cash Equivalents	\$ 67,008	\$ 33,331 ¹
Loans, Net:		
Real Estate	620,660	644,098
Consumer	116,092	107,475
VISA	38,083	40,655
Commercial	11,372	8,886
Total Loans, Net	786,207	801,114 ²
Investments	565,877	563,964
Property and Equipment, Net	33,616	36,145
Other Assets	21,284	24,658
Total Assets	\$ 1,473,992	\$ 1,459,212
LIABILITIES & EQUITY		
Liabilities		
Deposits	\$ 1,231,621	\$ 1,215,132 ³
Borrowed Funds	15,000	15,000
Interest Payable & Other Liabilities	15,221	17,227
Total Liabilities	\$ 1,261,842	\$ 1,247,359
Equity		
Total Equity	\$ 212,150	\$ 211,853 ⁴
Total Liabilities & Equity	\$ 1,473,992	\$ 1,459,212
STATEMENT OF INCOME		
For the years ending December 31, 2013 and 2012. (In thousands)		
Interest Income	\$ 43,066	\$ 49,045
Interest Expense	(5,138)	(8,517)
Net Interest Income	37,928	40,528 ⁵
Provision for Loan Losses	(1,245)	(1,776) ⁶
Total Non-Interest Income	12,852	15,198
Total Operating Expense	(41,959)	(43,085) ⁷
Income Before Income Tax Expense	7,576	10,865
Income Tax Expense	(2,943)	(4,325)
Net Income	\$ 4,633	\$ 6,540

NOTES

- 1 Cash and Cash Equivalents** | Cash and cash equivalents increased by \$33.7 million.
- 2 Loans, Net** | Total loan originations were \$242.9 million in 2013; however, with the low interest rates, we continue to sell our 30 year fixed-rate real estate mortgages. Sales of mortgages as well as faster payoffs and lower originations resulted in a decrease in balances.
- 3 Deposits** | Deposits increased by \$16.5 million in 2013. Money market, savings, and checking account balances were up \$39.8 million, while certificate balances decreased by \$23.3 million.
- 4 Equity** | Equity (capital) increased by \$297 thousand in 2013. Think's strong core capital ratio of 14.3% represents a safe and secure environment for our customers. The following table illustrates our regulatory capital ratios:

Regulatory Capital Ratio	2013	2012	*Well Capitalized
Tier 1 Core Capital	14.3%	14.2%	5.0%
Risk Based Capital	30.0%	29.1%	10.0%

*Minimum regulatory capital ratio to be considered "well capitalized"

- 5 Net Interest Income** | Net interest income decreased by \$2.6 million in 2013. It was significantly influenced by the lower interest rate environment, lower loan balances, and the sale of mortgage loans.
- 6 Provision for Loan Losses** | Our provision for loan losses decreased \$531 thousand due to improved economic conditions and lower losses on real estate and consumer loans. Our customer's excellent credit quality has allowed us to maintain a low net charge-off to loan ratio of 0.19% and a low non-performing loan ratio of 0.71%. This is very favorable compared to industry averages of .38% and 1.37%, respectively.
- 7 Operating Expenses** | Operating expenses decreased 2.6% in 2013 as we continue to be watchful over our expenditures.



Bank smart, live well.

Tell us your story. We're ready to listen and help.

Visit: in person

Click: on thinkbank.com to find an office near you

Connect: call **1-800-288-3425** or email to think@thinkbank.com

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