

### It's all that matters

At Think Mutual Bank we exist for one purpose – **to serve the financial needs of our customers.** As our mission states, “We exist to provide our customers peace of mind and help them build a better life.” And at Think, our mission is all that matters.



Think staff on deck to help raise funds for the Ronald McDonald House.

### To our Customers, Employees, and Friends:

2015 was a remarkable year for Think for many reasons. We remained entirely focused on providing for the needs of our customers and serving the communities where they live and work. To do this well we continuously invested in our capabilities including our people and the products and services we offer.

We also placed significant importance on building for the long term. Economic sustainability is a feature of our business we work hard to achieve. We do this by profitably growing our business, maintaining a relentless focus on the company's safety and soundness, and always looking forward so we remain relevant to those we serve.

**“Think’s growth and sustainability allow us to continue our positive impact on the communities where we do business.”**



Greeting our neighbors at Think Night at the Minnesota Zoo.

As you will see in this report's financial highlights, Think continued its strong financial performance by growing every area of our business. We are proud of this achievement and grateful that our customers continue to place their confidence

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# Statement of Financial Condition

For the years ending December 31, 2015 and 2014. (In thousands)

ASSETS	2015	2014
Cash and Cash Equivalents	\$ 9,267	\$ 8,755
<b>Loans, Net:</b>		
Real Estate	674,007	623,836
Consumer	182,054	148,757
VISA	31,174	34,808
Commercial	44,670	21,841
<b>Total Loans, Net</b>	<b>931,905</b>	<b>829,242</b> <sup>1</sup>
Long & Short Term Investments	508,851	567,851
Property and Equipment, Net	38,363	35,626
Other Assets	54,480	47,185
<b>Total Assets</b>	<b>\$ 1,542,866</b>	<b>\$ 1,488,659</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
Deposits	\$ 1,285,273	\$ 1,230,983 <sup>2</sup>
Borrowed Funds	15,000	20,500
Interest Payable & Other Liabilities	16,472	17,661
<b>Total Liabilities</b>	<b>\$ 1,316,745</b>	<b>\$ 1,269,144</b>
<b>Equity</b>		
Equity	\$ 226,121	\$ 219,515 <sup>3</sup>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,542,866</b>	<b>\$ 1,488,659</b>

## STATEMENT OF INCOME

For the years ending December 31, 2015 and 2014. (In thousands)

Interest Income	\$ 43,996	\$ 42,133
Interest Expense	(3,394)	(3,976)
<b>Net Interest Income</b>	<b>40,602</b>	<b>38,157</b> <sup>4</sup>
Provision for Loan Losses	(1,758)	(1,068) <sup>5</sup>
Non-Interest Income	16,540	13,344
Operating Expense	(43,183)	(41,768) <sup>6</sup>
Income Before Income Tax Expense	12,201	8,665
Income Tax Expense	(4,096)	(3,218)
<b>Net Income</b>	<b>\$ 8,105</b>	<b>\$ 5,447</b>

## NOTES

- Loans, Net** | Strong loan growth of \$102.7 million was from both consumer and commercial loans; consumer loans increased 9.9% and commercial loans increased 104.5% from last year. Total loan originations were \$432.1 million in 2015 led by a great year in consumer secured and unsecured loans, commercial loans, and first mortgages. Due to low interest rates, we continue to sell our 30 year fixed-rate real estate mortgages.
- Deposits** | Core deposit balances (money market, savings and checking accounts) increased \$74.1 million while certificates decreased \$19.8 million resulting in an overall increase of \$54.3 million.
- Equity** | Equity (capital) increased by \$6.6 million in 2015, which increased our tier 1 leverage capital ratio to 14.9%. The following table illustrates our regulatory capital ratios:

Regulatory Capital Ratio	2015	2014	*Well Capitalized
Tier 1 Leverage Capital	14.9%	14.6%	5.0%
Total Risk Based Capital	26.8%	28.0%	10.0%

\*Minimum regulatory capital ratio to be considered "well capitalized"
- Net Interest Income** | Net interest income increased \$2.4 million or 6.4% as a result of our loan growth and sound investment strategies.
- Provision for Loan Losses** | With large increases in loan balances our provision increased by \$690 thousand. Credit quality continues to be favorable as reflected by our low net charge-off and non-performing loan ratios of 0.13% and 0.36%, respectively. These ratios compare favorably to industry averages of 0.21% and 0.58%, respectively.
- Operating Expenses** | Operating expenses increased \$1.4 million or 3.4% over 2014. The increase is due to the strong focus on growing and supporting our core products while continuing to manage company resources.

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in our commitment to serve them. This confidence is also reflected in new household growth – not only are you choosing us more often, you are also telling others to do the same.

Think's growth and sustainability allow us to continue our positive impact on the communities where we do business. We are honored to support a long list of non-profit organizations with both our time and our treasure. Think employees are proud of these affiliations and show this by investing their own time and abilities to touch the lives of many in the Twin Cities and Southeastern Minnesota.

At Think building a better organization must translate into building a better life for those we serve. It's more than a brand promise – it's truly all that matters.



**Bruce Remme** Board Chair



**Paul Mackin** President and CEO

1-800-288-3425  
**thinkbank.com**



Think Mutual Bank's Down By The Riverside free summer concert series in Rochester, MN.

## Our Leadership

### Board of Directors

Bruce Remme, Chair  
Bruce Shay, Vice Chair  
Kevin DeVore, Secretary  
Barbara Baasch Thomas, Director  
Jodi Millerbernd, Director  
John Wade, Director  
Paul Dorn, Director  
Paul Mackin, Director  
Walt Ling, Director

### Senior Management

Paul Mackin  
President & Chief Executive Officer  
Chad Murray  
SVP / Marketing  
Cheryl Schaefer  
SVP / Chief Operating Officer  
Eileen Oliver  
SVP / Chief Information Officer  
Dan Beck  
SVP / Chief Financial Officer  
Jenny Hosfeld  
SVP / Community Banking  
Larry Guse  
SVP / Chief People Officer  
Michael Snyder  
SVP / Financial Services  
Steve Spohn  
SVP / General Counsel