

### Statement of Financial Condition

For the years ending December 31, 2017 and 2016. (In thousands)

ASSETS	2017	2016
Cash and Cash Equivalents	\$ 10,018	\$ 9,253
<b>Loans, Net</b>		
Real Estate	721,986	709,103
Consumer	187,689	180,813
VISA	28,492	29,954
Commercial	66,814	53,948
<b>Total Loans, Net</b>	<b>1,004,981</b>	<b>973,818</b> <sup>1</sup>
Long & Short-Term Investments	515,249	518,885
Property and Equipment, Net	38,795	41,290
Other Assets	61,069	55,821
<b>Total Assets</b>	<b>\$ 1,630,112</b>	<b>\$ 1,599,067</b>

### LIABILITIES & EQUITY

<b>Liabilities</b>		
Deposits	\$ 1,367,129	\$ 1,346,439 <sup>2</sup>
Borrowed Funds	0	0
Interest Payable & Other Liabilities	16,046	16,602
<b>Total Liabilities</b>	<b>1,383,175</b>	<b>1,363,041</b>
<b>Equity</b>		
Total Equity	246,937	236,026 <sup>3</sup>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,630,112</b>	<b>\$ 1,599,067</b>

### STATEMENT OF INCOME

For the years ending December 31, 2017 and 2016. (In thousands)

Interest Income	\$ 50,195	\$ 46,761
Interest Expense	(3,154)	(3,139)
<b>Net Interest Income</b>	<b>47,041</b>	<b>43,622</b> <sup>4</sup>
Provision for Loan Losses	(759)	(1,583) <sup>5</sup>
Non-Interest Income	17,471	17,451 <sup>6</sup>
Operating Expense	(45,660)	(44,005) <sup>7</sup>
Income Before Income Tax Expense	18,093	15,485
Income Tax Expense	(6,134)	(4,907)
<b>Net Income</b>	<b>\$ 11,959</b>	<b>\$ 10,578</b> <sup>8</sup>

See notes on reverse side.

# A message from our Board Chair and CEO:

By any business and financial measure, 2017 was a very successful year for Think Mutual Bank. While we recognize the importance of strong performance as a business, we continue to define our success by the contributions we make to help our customers build a better, more secure financial future. At Think we are one team entirely committed to one mission. On behalf of our Board and all Think employees, we are honored and grateful that you choose us to meet your financial service needs.



Bruce Shay, Chair, Board of Directors



Paul Mackin, President and CEO

## Notes to the report.

- 1 Loans, Net** | Strong loan growth of \$31.2 million was from growth in real estate, consumer, and commercial loans. Total loan originations were \$377.5 million in 2017. Due to low interest rates, we continue to sell our 30 year fixed-rate real estate mortgages.
- 2 Deposits** | Core deposit balances (money market, savings, and checking accounts) increased \$41.8 million while certificate balances decreased \$21.1 million resulting in an overall increase of \$20.7 million.
- 3 Equity** | Equity (capital) increased by \$10.9 million in 2017, which increased our tier 1 leverage capital ratio to 15.4%. The following table illustrates our regulatory capital ratios:

Regulatory Capital Ratio	2017	2016	*Well Capitalized
Tier 1 Leverage Capital	15.4%	15.0%	5.0%
Total Capital	27.4%	27.1%	10.0%
- 4 Net Interest Income** | Net Interest Income increased \$3.4 million or 7.8% as a result of our loan growth and higher loan rates.
- 5 Provision for Loan Losses** | With low charge offs in our loan portfolio, our provision decreased by \$824 thousand. Credit quality continues to be favorable as reflected by our low net charge-off and non-performing loan ratios of 0.09% and 0.13%, respectively. These ratios compare favorably to industry averages of 0.27% and 0.71%, respectively.
- 6 Non-Interest Income** | Non-Interest Income increased as a result of higher mortgage income, investment and insurance income, and credit and debit card income.
- 7 Operating Expenses** | Operating expenses increased \$1.7 million or 3.8% over 2016. The increase is due to the continued focus on steady growth and supporting our core products while continuing to manage company resources.
- 8 Net Income** | Net Income increased by \$1.4 million over 2016 and finished at \$12.0 million with an ROA of .73%. Both Net Income and ROA are in line with our long-range targets.

### Senior Management

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

### Board of Directors

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

Think Mutual Bank has ten branch offices in Minnesota. Headquarters are located at: 5200 Members Pkwy NW, Rochester, MN 55901 Member FDIC