

Statement of Financial Condition

For the years ending December 31, 2018 and 2017. (In thousands)

ASSETS	2018	2017
Cash and Cash Equivalents	\$ 11,091	\$ 10,018
Loans, Net		
Real Estate	737,250	721,986
Consumer	241,515	216,181
Commercial	60,737	66,814
Total Loans, Net	1,039,502	1,004,981 ¹
Long & Short-Term Investments	502,049	515,249
Property and Equipment, Net	37,335	38,795
Other Assets	61,149	61,069
Total Assets	\$ 1,651,126	\$ 1,630,112

LIABILITIES & EQUITY

Liabilities		
Deposits	\$ 1,371,556	\$ 1,367,129 ²
Borrowed Funds	0	0
Interest Payable & Other Liabilities	18,116	16,046
Total Liabilities	1,389,672	1,383,175
Equity		
Total Equity	261,454	246,937 ³
Total Liabilities & Equity	\$ 1,651,126	\$ 1,630,112

STATEMENT OF INCOME

For the years ending December 31, 2018 and 2017. (In thousands)

Interest Income	\$ 52,633	\$ 50,195
Interest Expense	(3,854)	(3,154)
Net Interest Income	48,779	47,041 ⁴
Provision for Loan Losses	(393)	(759) ⁵
Non-Interest Income	22,197	17,471 ⁶
Operating Expense	(47,841)	(45,660) ⁷
Income Before Income Tax Expense	22,742	18,093
Income Tax Expense	(5,911)	(6,134)
Net Income	\$ 16,831	\$ 11,959 ⁸

See notes on reverse side.

A message from our Board Chair and CEO:

2018 was one of Think's finest years ever. We welcomed new customers, grew every business line, and strengthened our financial position. We also increased our support for hundreds of non-profit organizations that impact the vitality of the communities we serve. Our success in 2018 has positioned us well for continued growth and investment in the financial products and services that our customers have come to expect. And that's the bottom line because without our customers, nothing else matters.



Bruce Shay, Chair, Board of Directors



Paul Mackin, President and CEO

Notes to the report.

- Loans, Net** | Loan growth of \$34.5 million was from growth in real estate and consumer loans. Total loan originations were \$343.8 million in 2018. 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 \$20.3 million while certificate balances decreased \$15.9 million resulting in an overall increase of \$4.4 million.
 - Equity** | Equity (capital) increased by \$14.5 million in 2018, which increased our tier 1 leverage capital ratio to 16.3%. The following table illustrates our regulatory capital ratios:
- | Regulatory Capital Ratio | 2018 | 2017 | *Well Capitalized |
|--------------------------|-------|-------|-------------------|
| Tier 1 Leverage Capital | 16.3% | 15.4% | 5.0% |
| Total Capital | 28.3% | 27.4% | 10.0% |
- *Minimum regulatory capital ratio to be considered "well capitalized"
- Net Interest Income** | Net Interest Income increased \$1.7 million or 3.7% as a result of our loan growth and higher loan rates.
 - Provision for Loan Losses** | With low charge offs in our loan portfolio, our provision decreased by \$366 thousand. Credit quality continues to be favorable as reflected by our low net charge-off and non-performing loan ratios of 0.10% and 0.13%, respectively. These ratios compare favorably to industry averages of 0.46% and 0.83%, respectively.
 - Non-Interest Income** | Non-Interest Income increased as a result of higher gain on sale of loans, investment and insurance income, and credit and debit card income.
 - Operating Expenses** | Operating expenses increased \$2.2 million or 4.8% over 2017. The increase is due to the continued focus on steady growth and supporting our core products while continuing to manage company resources.
 - Net Income** | Net Income increased by \$4.9 million over 2017 and finished at \$16.8 million with an ROA of 1.04%. Both Net Income and ROA exceeded expectations in 2018.

Management

Paul Mackin President & Chief Executive Officer
Jenny Hosfeld EVP / Chief Banking Officer
Chad DeCook SVP / Business Banking /
Chief Credit Officer
Chad Murray SVP / Marketing
Cheryl Schaefer SVP / Chief Operating Officer
Chris Barnick SVP / Consumer Banking
Dan Beck SVP / Chief Financial 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
Jill Rock Director
John Wade Director
Kevin DeVore Director
Paul Dorn Director
Paul Mackin Director