

## Statement of Financial Condition

For the years ending December 31, 2022 and 2021 (in thousands)

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
Cash and Cash Equivalents	\$ 223,622	\$ 216,668
<b>Loans, Net</b>		
Real Estate	958,207	925,263
Consumer	180,313	180,631
Commercial	91,125	90,456
<b>Total Loans, Net</b>	<b>1,229,645</b>	<b>1,196,350</b> <sup>1</sup>
Long & Short-Term Investments	597,518	708,114
Property and Equipment, Net	31,645	33,058
Other Assets	93,523	74,417
<b>Total Assets</b>	<b>\$ 2,175,953</b>	<b>\$ 2,228,607</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
Deposits	\$ 1,883,664	\$ 1,894,804 <sup>2</sup>
Borrowed Funds	-	-
Interest Payable & Other Liabilities	24,235	21,693
<b>Total Liabilities</b>	<b>1,907,899</b>	<b>1,916,497</b>
<b>Equity</b>		
Total Equity	268,054	312,110 <sup>3</sup>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 2,175,953</b>	<b>\$ 2,228,607</b>

## STATEMENT OF INCOME

For the years ending December 31, 2022 and 2021 (in thousands)

Interest Income	\$ 54,823	\$ 54,181
Interest Expense	(4,024)	(3,495)
<b>Net Interest Income</b>	<b>50,799</b>	<b>50,686</b> <sup>4</sup>
Provision for Loan Losses	(393)	720 <sup>5</sup>
Non-Interest Income	20,014	25,043 <sup>6</sup>
Operating Expense	(51,158)	(50,727) <sup>7</sup>
Income Before Income Tax Expense	19,262	25,722
Income Tax Expense	(4,808)	(6,739)
<b>Net Income</b>	<b>\$ 14,454</b>	<b>\$ 18,983</b> <sup>8</sup>


See notes on reverse side.

## A message from our Board Chair and CEO:

Our bank's mission of providing peace of mind to customers and helping them build better lives was at the heart of our many accomplishments and favorable financial results in 2022. From boosting fraud protections on customers' debit cards to helping customers understand how to best navigate rising interest rates, we focused on meeting our customers' needs and helping them create a more secure financial future. By living our mission, the bank performed well and we provided exceptional customer care. Thank you for doing business with us.



Bruce Shay, Chair, Board of Directors



Jenny Hosfeld, President and CEO

### Notes to the report:

- Loans, Net** | Loans increased \$33.3 million driven by growth in consumer and first mortgage loans. Total loan originations were \$360.1 million in 2022, a 42% decrease resulting from the elimination of the government's paycheck protection program (PPP) loans and the end of the mortgage boom of 2020 and 2021 as rates lifted off historical lows. Mortgage loan originations totaled \$196 million.
- Deposits** | Core deposit balances (money market, savings, and checking accounts) increased \$8.8 million while certificate balances decreased \$20 million, resulting in an overall decrease of \$11.1 million.
- Equity** | Equity (capital) decreased by \$44.1 million in 2022 reflecting decreases in investment valuations as higher interest rates drove down the fair market value of securities. Regulatory capital, which excludes investment valuations, grew by \$14.5 million and resulted in an increase to our community bank leverage ratio. The following table illustrates our strong regulatory capital ratios:

Regulatory Capital Ratio	2022	2021	*Well Capitalized
Tier 1 Leverage Capital	14.7%	14.5%	9.0%

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

- Net Interest Income** | Net Interest Income increased \$113 thousand or 0.2% as a result of higher asset yields being partially offset by higher deposit rates (interest expense).
- Provision for Loan Losses** | Despite a \$1.1 million increase from prior year, as a result of releasing COVID-related loan loss reserves, provision remains historically low. Credit quality remains favorable and is reflected by Think's net charge-off and non-performing loan ratios of 0.03% and 0.08%, both of which are significantly below their corresponding industry averages (0.12% and 0.78%, respectively).
- Non-Interest Income** | Non-Interest Income decreased \$5 million as a result of lower mortgage originations and gain on sale of loans. This decrease was partially offset by higher card income.
- Operating Expenses** | Operating expenses increased \$431 thousand or 0.8% above 2021. The increase is due to continuing focus on steady growth and innovation of our core products while ensuring efficient use of company resources.
- Net Income** | Net Income decreased by \$4.5 million from our 2021 record year and finished at \$14.5 million with an ROA of 0.66%. Both Net Income and ROA significantly exceeded expectations in 2022

#### Management

Jenny Hosfeld President / Chief Executive Officer  
Becky Wendland SVP / Chief Technology and Innovation Officer  
Chad DeCook SVP / Business Banking / Chief Credit Officer  
Chad Murray SVP / Marketing  
Jeff Ihrke SVP / Chief Risk Officer  
Larry Guse SVP / Chief People Officer  
Nate Boyer SVP / Chief Financial Officer  
Tammy Pfeffer SVP / Financial Services

#### Board of Directors

Bruce Shay Chair  
John Wade Vice Chair  
Walt Ling Secretary  
Bruce Remme Director  
Jill Rock Director  
Melissa Brinkman Director  
Paul Mackin Director  
Virginia Merritt Director