

**Statement of Financial Condition**

For the years ending December 31, 2021 and 2020 (in thousands)

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Cash and Cash Equivalents	\$ 9,689	\$ 13,506
<b>Loans, Net</b>		
Real Estate	925,263	895,581
Consumer	180,631	194,185
Commercial	90,456	119,153
<b>Total Loans, Net</b>	<b>1,196,350</b>	<b>1,208,919</b> <sup>1</sup>
Long & Short-Term Investments	915,093	652,892
Property and Equipment, Net	33,058	35,323
Other Assets	74,417	66,069
<b>Total Assets</b>	<b>\$ 2,228,607</b>	<b>\$ 1,976,709</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
Deposits	\$ 1,894,804	\$ 1,650,022 <sup>2</sup>
Borrowed Funds	-	-
Interest Payable & Other Liabilities	21,693	20,832
<b>Total Liabilities</b>	<b>1,916,497</b>	<b>1,670,854</b>
<b>Equity</b>		
Total Equity	312,110	305,855 <sup>3</sup>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 2,228,607</b>	<b>\$ 1,976,709</b>

**STATEMENT OF INCOME**

For the years ending December 31, 2021 and 2020 (in thousands)

Interest Income	\$ 54,181	\$ 55,476
Interest Expense	(3,495)	(5,768)
<b>Net Interest Income</b>	<b>50,686</b>	<b>49,708</b> <sup>4</sup>
Provision for Loan Losses	(720)	(2,963) <sup>5</sup>
Non-Interest Income	25,043	26,569 <sup>6</sup>
Operating Expense	(50,727)	(49,804) <sup>7</sup>
Income Before Income Tax Expense	25,722	23,510
Income Tax Expense	(6,739)	(6,175)
<b>Net Income</b>	<b>\$ 18,983</b>	<b>\$ 17,335</b> <sup>8</sup>

See notes on reverse side.

## A message from our Board Chair and CEO:

The past two years have brought new meaning to our mission to give peace of mind to our customers. Whether working with a customer to purchase a home or helping a business owner navigate the Paycheck Protection Program, we approached each interaction with one simple question: how can we make this customer better off than they were before? Every customer at Think receives that level of care and it shows in our 2021 results. Thank you for doing business with us this year.



Bruce Shay, Chair, Board of Directors



Jenny Hosfeld, President and CEO

- Loans, Net** | Loans decreased \$12.6 million as growth in real estate loans were offset by paydowns in commercial and consumer loans. Total loan originations were \$619.9 million in 2021, a 29% decrease from 2020's historical highs. Mortgage loan originations totaled \$439.6 million, and we originated an additional \$21.5 million in the second round of the government's paycheck protection program (PPP) loans, helping our small business customers. The majority of these PPP loans were paid off by December. Due to low interest rates, we continue to sell most of our 30 year fixed-rate real estate mortgages.
- Deposits** | Core deposit balances (money market, savings, and checking accounts) increased \$253.1 million while certificate balances decreased \$8.3 million, resulting in an overall increase of \$244.8 million.
- Equity** | Equity (capital) increased by \$6.3 million in 2021. Our community bank leverage ratio is 14.5%. The decrease from the prior year is due to the significant growth of deposits we experienced in 2021. The following table illustrates our regulatory capital ratios:

Regulatory Capital Ratio	2021	2020	*Well Capitalized
Community Bank Leverage Ratio	14.5%	15.5%	9.0%

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

- Net Interest Income** | Net Interest Income increased \$978 thousand or 2.0% as a result of higher interest from increased investment balances and decreases in deposit rates, offset partially by higher deposit balances.
- Provision for Loan Losses** | Provision decreased by \$3.7 million reflecting low loan charge offs and lower overall loan balances, coupled with a partial release of COVID-related loan loss reserves as the economic effects of the global pandemic began to normalize. Credit quality continues to be favorable as reflected by our low net charge-off and non-performing loan ratios of 0.04% and 0.09%, respectively. These ratios compare favorably to industry averages of 0.22% and 0.93%, respectively.
- Non-Interest Income** | Non-Interest Income decreased \$1.5 million as a result of lower mortgage originations and gain on sale of loans. This was partially offset by higher loan servicing and card income.
- Operating Expenses** | Operating expenses increased \$923 thousand or 1.9% above 2020. The increase is due to continuing focus on steady growth and supporting our core products while actively continuing to manage company resources.
- Net Income** | Net Income increased by \$1.6 million over 2020 and finished at \$19.0 million with an ROA of 0.89%. Both Net Income and ROA significantly exceeded expectations in 2021.

### Management

**Jenny Hosfeld** President / Chief Executive 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

**Jeff Ihrke** SVP / Internal Audit

**Larry Guse** SVP / Chief People 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

**Kevin DeVore** Director

**Kim Otte** Director

**Melissa Brinkman** Director

**Paul Mackin** Director

**Virginia Merritt** Director

Think Bank has eight branch offices in Minnesota.

Headquarters: 5200 Members Pkwy NW, Rochester, MN 55901

Member FDIC