Charter Bank is an independently owned community bank headquartered in Eau Claire, WI. Community banks like Charter Bank are characterized by their local operations and local decision-making that benefits the communities where the bank does business.

Since opening our doors in 1980 as a de novo (new bank) in Eau Claire, WI, we have since adopted two additional branches in Minnesota to grow to an asset size of over $825 million. This growth has been the result of a bank merger in 2015 and the continued success of providing our clients with financial products that exceed expectations. Our lending team has over 250 combined years of lending experience, resulting in exceptional growth in the number of loan clients and loan balances.

Our success would not be possible without the loyal patronage of our customers and our community. We are committed to rewarding their loyalty and support by making a positive difference in the communities we serve.

Bauer Financial

Bauer Financial awarded Charter Bank with its highest 5-Star rating for the fourth quarter of 2015. Charter Bank has been recommended (either 5-Star or 4-Star) by Bauer for 99 consecutive quarters.
PRESIDENT’S REPORT

2015 was quite a year for Charter Bank as we went from a single bank with one location in Eau Claire to a multi-state financial institution with a total of three locations! In October 2015 we officially merged with our sister bank, Community Bank, which has two locations located in Chaska and Chanhassen, Minnesota.

Our shareholders purchased Community Bank in 2008. Community Bank was very similar to Charter Bank. It had a strong focus on commercial and residential lending, along with an emphasis on giving back and supporting the communities of the southwest metro market of the Twin Cities. Moreover, our core values of the two independent banks matched up perfectly. Over the last seven years Charter Bank and Community Bank shared ideas, worked together on funding mutual loans, and collaborated on technology, but each bank had separate management, operations, and regulators.

Our merger was instigated mostly because of the changes in the banking world since the Great Recession in 2009. In particular, banks have endured intense regulations from the government. Most of this regulation was directed at the “big banks,” but unfortunately it affects well-run community banks like Charter Bank as well. In Eau Claire alone, we had to substantially add to our staff to comply with the litany of new rules! As the banking industry continues to consolidate and smaller banks are increasingly at a disadvantage due to the increasing demands of regulation, compliance, and technology, we decided that now would be the time to merge our two banks together.

As result of the merger we are now over $800 million in total assets, making our bank one the largest banks headquartered in the Badger State. We are a dominate player in our Minnesota markets as well, with over $200 million in assets! Even with the merger, we were still able to grow our loans significantly in 2015. Loans grew by 11.6% in Eau Claire and by 4.5% in Minnesota. In addition, according to the most recent FDIC figures, we continue to have the highest share of deposits of any bank in Eau Claire County.

I am pleased to report that once again, Bauer Financial, the nation’s leading bank rating and research firm awarded Charter Bank its highest rating for a fifth straight year. Merging our two banks will make us even more efficient as we meld our back room operations into one. We will be able to offer more financial products and services to meet our expanding customer demographics.

Our new combined staff is second to none. We have been able to maintain our key personnel in the Minnesota markets. Furthermore, we continue to have virtually no turnover in our Wisconsin market which has produced seasoned bankers to serve our loyal clients. Our strong culture and employee-friendly workplace has resulted in Charter Bank being named One of the Best Banks to Work for in the country for a second year in a row by American Banker Magazine.

From all of us at Charter Bank, we look forward to serving the needs of the southwest metro of the Twin Cities and the Chippewa Valley in the years to come!
OVER 30 YEARS
Barbara Crandall
Susan Diel

21-30 YEARS
Debra Hintz
Mary Jackson
Kimberly Novotney
Jerrilyn Parr

16-20 YEARS
Jeffrey Biegel
Paul Kohler
Jamie Mowl
Mary Reinert
Wayne Richmond
Bonnie Sherman
Sheila Stabe
Jennifer Woodford

11-15 YEARS
Debra Bauer
Mary Bundy
Kathy Field
Lisa Johnson
Melissa Kjome
Lynda LaCasse
Mary Lester
Paul Maahs
Maureen McRaith
David Pokrandt
Lori Schindler
Nicole Schlauderaff
Kimberly Showsh
Carol Ann Solberg
Kathleen Strauch

2-5 YEARS
Julie Best
Shannon Darrow
Victoria Dvorak
Sharon Ederer
Angela Everard
Dustin Hurtgen
Mary Jacob
Richard Lehman
Lynette Pank
Leisha Scheffler
Michael Speltz
Stacy Sturz
Troy Werk

1 YEAR OR LESS
Nicholas Anderson
Kimberly Bergo
Samuel Caswell
Jordan Cherry
Amanda Chesky
Marcia Curry
Taylor Fredrickson
Daniel Haas
Jordan Hawley
Aleksander Henson
Chris Konradcy
Christina Kraska
Christine McCorkle
Stina Moran
Connie Pedersen
Ellery Perry
Elizabeth Rice
Robin Rundquist
Rebecca Schlauderaff
Darrin Schwab
Shane Simpson
Alyson Stodola
Steven Weitz
Linda White
Renae Zimmerman

BOARD OF DIRECTORS

Back Row: Dave Anderson, Brenda Johnson, Damin Zacho,
John Villas, Dave Pokorney, C. Thomas Dow,
Greg Burger, Jo Ellyn DeCesare,
Murray Johnson, Dean Olson.

Front Row: Jeff Halloin, Dennis Zacho, Bob Stevens,
Paul Kohler.
### Assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$35,416,000</td>
<td>$10,159,000</td>
</tr>
<tr>
<td>Investment Securities</td>
<td>199,656,000</td>
<td>165,581,000</td>
</tr>
<tr>
<td>Federal Home Loan Bank Stock</td>
<td>1,540,000</td>
<td>1,440,000</td>
</tr>
<tr>
<td>Net Loans &amp; Leases</td>
<td>560,320,000</td>
<td>388,124,000</td>
</tr>
<tr>
<td>Premises and Fixed Assets</td>
<td>8,719,000</td>
<td>5,635,000</td>
</tr>
<tr>
<td>Foreclosed Assets</td>
<td>11,000</td>
<td>1,804,000</td>
</tr>
<tr>
<td>Cash Value of Life Insurance</td>
<td>16,617,000</td>
<td>13,940,000</td>
</tr>
<tr>
<td>Other Assets</td>
<td>4,571,000</td>
<td>3,574,000</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$826,850,000</strong></td>
<td><strong>$590,257,000</strong></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Deposits</td>
<td>$685,351,000</td>
<td>$486,496,000</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>36,808,000</td>
<td>20,567,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>722,159,000</strong></td>
<td><strong>507,063,000</strong></td>
</tr>
<tr>
<td><strong>Total Equity Capital</strong></td>
<td><strong>104,691,000</strong></td>
<td><strong>83,194,000</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY CAPITAL</strong></td>
<td><strong>$826,850,000</strong></td>
<td><strong>$590,257,000</strong></td>
</tr>
</tbody>
</table>

Note: Financial Statement presented is not audited.
STATEMENT OF INCOME

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividend Income</td>
<td>$33,213,000</td>
<td>$25,972,000</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,389,000</td>
<td>2,887,000</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>29,824,000</td>
<td>23,085,000</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>(1,864,000)</td>
<td>(750,000)</td>
</tr>
<tr>
<td>Non-interest Income</td>
<td>2,522,000</td>
<td>1,747,000</td>
</tr>
<tr>
<td>Non-interest Expense</td>
<td>15,190,000</td>
<td>9,475,000</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>$19,020,000</strong></td>
<td><strong>$16,107,000</strong></td>
</tr>
</tbody>
</table>

Charter Bank is a Subchapter S Corporation and income taxes are the liability of Charter Bank shareholders.

**SECURITIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$199,656,000</td>
</tr>
<tr>
<td>2014</td>
<td>$165,581,000</td>
</tr>
<tr>
<td>2013</td>
<td>$166,700,000</td>
</tr>
<tr>
<td>2012</td>
<td>$178,900,000</td>
</tr>
<tr>
<td>2011</td>
<td>$167,100,000</td>
</tr>
</tbody>
</table>

**DEPOSITS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$685,351,000</td>
</tr>
<tr>
<td>2014</td>
<td>$486,496,000</td>
</tr>
<tr>
<td>2013</td>
<td>$466,100,000</td>
</tr>
<tr>
<td>2012</td>
<td>$480,000,000</td>
</tr>
<tr>
<td>2011</td>
<td>$439,000,000</td>
</tr>
</tbody>
</table>
COMMUNITY SERVICE

In 2015, our employees volunteered for over 1,350 hours to assist those in need and help make the neighborhoods we serve a better place for our customers and our families.

Each year the bank contributes to non-profit organizations and our employees assist organizations by donating their time for special projects or by serving on a Board of Directors.

Charter Bank is dedicated to supporting the communities we serve.

Advancing Hope, Jonah Fund
Altoona Booster Club
Altoona Compassion Coalition
Alzheimer's Association
American Foundation for Suicide Prevention
American Heart Association
American Lutheran Homes
Apple Pregnancy Agency
Auburn Homes & Services
Backyard Wishes
Beacon House
Big Brothers, Big Sisters of Northwestern WI
Bikes 4 Kids
Bob's House for Dogs
Boy Scout Troop 303
Boy Scouts of America, Chippewa Valley Council
Boys and Girls Club of the Greater Chippewa Valley
Carver Steamboat Days
Carver-Scott Humane Society
Chanhassen Booster Club
Chanhassen Fire Department Memorial
Chaska Cares
Chaska Cubs
Chaska Rotary
Children's Dyslexia Center
Children's Museum of Eau Claire
Children's Society of Wisconsin
Chippewa Area Mentor Program
Chippewa County Humane Association
Chippewa Valley Free Clinic
Chippewa Valley Habitat for Humanity
Chippewa Valley Innovation Center
Chippewa Valley Museum
Chippewa Valley Technical College Foundation
Clark County Humane Association
Community Foundation of Chippewa Falls
Cystic Fibrosis
Downtown Eau Claire, Inc.
Dunn County Economic Development Corporation
Dunn County Humane Association
Eastern Carver County Schools, District 112
Eau Claire Area Chamber Foundation
Eau Claire Area Chamber of Commerce
Eau Claire Area Economic Development Corporation
Eau Claire Area Hmong Mutual Assistance
Eau Claire Area Humane Association
Eau Claire Community Foundation
Eau Claire Elks Lodge #402
Eau Claire Marathon
Eau Claire Memorial Day Parade
Eau Claire Regional Arts Council
Eau Claire School Foundation
Eau Claire YMCA
Elk Mound Cub Scouts
Epilepsy Foundation
Feed My People
Feed My Starving Children
Fellowship of Christian Athletes
Flambeau Home Health
Folds of Honor
Friends of Beaver Creek Reserve
Girls on the Run of the Chippewa Valley
Grace Lutheran Foundation
Greater Twin Cities United Way
Hallie Optimist Club
Holy Family Catholic High School
Hope Gospel Mission
Hyde Center for the Arts
Irvine Park capital campaign
Jeffers Park Development
Joshua's Camp
Junior Achievement of Wisconsin
Katherine's Wish (through the EC Community Foundation)
Kids N Cops
Kiwanis Clubs of Eau Claire
LE Phillips Career Development Center
LE Phillips Memorial Library
Lions Club of Chanhassen
Literacy Volunteers of the Chippewa Valley
Local high school senior lock-ins
Love, Inc.
Marshfield Clinic
Mayo Clinic
Old Abe Booster Club
Paul Bunyan Logging Camp
Pinehurst Park (through the EC Community Foundation)
Prairie Ridge Early Learning Center
REACH Foundation
Regis Catholic Schools
Ridgeview Medical Center
Rotary Club of Chanhassen
Rotary Club of Eau Claire
Sacred Heart Foundation
Salvation Army of the Greater Chippewa Valley
Sculpture Tour (through the EC Community Foundation)
She Will Fight
Southwest Metro Chamber of Commerce
Southwest Metro Educational Foundation
Special Olympics of Wisconsin
St. Francis Food Pantry
St. Huberts
Star Foundation
The Beacon House
The Community Table
Trinity Equestrian Center
United Way of the Greater Chippewa Valley
University of Wisconsin Eau Claire Foundation
Eau Claire Marathon
As a major sponsor of the Eau Claire Marathon, employees helped at a water station, with packet pick-up and by walking or running in the race.

Eau Claire Memorial Day Parade
Employees marched in the annual Eau Claire Downtown Memorial Day parade, sponsored by Charter Bank.

Backyard Wishes
With a donation from Charter Bank, Backyard Wishes is able to help support 200 Waconia area children that face a variety of challenges.

Building Relationships
Charter Bank continues to build relationships with local businesses. Our advisory boards assist the bank with establishing new partnerships and offering valuable feedback to enhance our product offerings.

Wisconsin Business Advisory Board
Left to right: Wendy Heffernan, Tony Benedict, Bill Bertrand, Ken McIntyre, Cheryl Corneiller, Jenna Schafer, Chuck Gregorich, Pam Laguardia, Chad Olson, Jeff Irvine.

Minnesota Business Advisory Board
Back row: Ron Van Riper, Jonathan Adam
Front row: Cindy Bauer, Brian Beniek
Not pictured: Mark Undestad, Ryan Henke
COMMUNITY SERVICE

American Heart Association Heart Walk
Our team of walkers raised funds and walked for a good cause at the annual Heart Walk in Carson Park.

Day of Caring for the United Way of the Greater Chippewa Valley
Employees were able to spend a day helping the Bolton Refuge House during the annual United Way Day of Caring.

Jeffers Park
Charter Bank contributed to the Jeffers Park development project which will include five baseball fields, a public park, and other amenities. This park will be shared by many groups in the Eau Claire area.

Charter Bank awarded over $78,000 in academic scholarships to local high school students in 2015.

Beaver Creek Reserve
To support the remodel of Beaver Creek’s facility, Charter Bank donated funds to help with this project which will bring years of enjoyment for our generation and generations to come.
Chanhassen Fireman’s Park
Charter Bank made a donation to assist with the building of the Chanhassen Firefighter Memorial which will be a part of our community for years to come.

Eastern Carver County School District 112
Helping our local schools, Charter Bank donated funds to assist the district with rewarding retirees and current teachers who go above and beyond the call of duty to help their students and school.

Charter Bank Chanhassen Ribbon Cutting
with the Southwest Metro Chamber of Commerce.

Big Brothers, Big Sisters Bowl for Kid’s Sake
Employees in Eau Claire raised funds and bowled for a great cause. This year, Charter Bank was named the top fundraising financial institution for the Chippewa Valley Chapter of Big Brothers, Big Sisters.

Kids N Cops
As part of the LE Phillips Memorial Library summer reading program, children that donated their reading prizes towards a donation helped support the Kids ‘N Cops holiday shopping fund serving over 100 children in the Eau Claire area.

Chanhassen Fireman’s Park
Charter Bank made a donation to assist with the building of the Chanhassen Firefighter Memorial which will be a part of our community for years to come.
1010 W. Clairemont Ave
Eau Claire, WI
715.832.4254

455 Pond Promenade
Chanhassen, MN 55317
952.227.2265

706 Walnut Street
Chaska, MN 55318
952.361.2265

charterbank.bank