

STRONG ROOTS.
Strong Future.





Letter to our Shareholders

On behalf of the Board of Directors, we are pleased to present the 2015 annual report to the shareholders of Range Financial Corporation, the holding company for Range Bank.

As we approach our 129th anniversary as a community bank, we cannot help but reflect on our company's history and the strong roots from which our bank was built. We are proud of our accomplishments and are looking forward to building on the strength of our brand well into the future.

The financial performance of your Corporation for 2015 was strong with net income of \$2,316,000. This was the seventh consecutive year that our net income exceeded \$2 million and we feel that focusing on our core values and banking fundamentals has been the key to our success. Our assets continue to grow and as of December 31, 2015, totaled over \$328 million. In addition, we manage over \$325 million in sold loans as well as business sweep accounts and trust and wealth management assets, bringing our total assets under management to over \$653 million.

One of the strategic goals of Range Financial Corporation is to continue growing our company in order to increase shareholder value. With that goal in mind, we recently opened a Loan Services Office in the Green Bay, Wisconsin market. Diane Root, a 30-year veteran mortgage lender in the Green Bay market, was hired to lead the new office. We will focus our efforts on residential mortgages and believe that Diane's talent, along with the population density of the market, will provide excellent future growth potential.

We have also begun the process of building a new office in the Houghton market. Our Houghton Office has experienced significant growth since we opened the office in 2002, and we are in need of additional space. Plans are being developed to break ground on the new building in the spring of 2016. The new office will be built on land we own next to our current location on M-26 and will be much more visible to the public. The current office will be sold once the new building is completed.

We continue to be excited about the growth of our Trust and Wealth Management department since we opened the doors

almost four years ago. Assets under management currently exceed \$70 million, and the department is contributing to the profitability of the bank sooner than we had expected. Our unique program of providing an un-biased, non-commissioned approach to investing has been well received, and we encourage you to contact Danny Dawidowski, Michele Kontio or Scott Slattery at 906-226-4045 to discuss how our experienced team can help you with your trust and investment goals.

We feel honored by the community recognition and support Range Bank received in 2015. We received the following three awards:

- 2015 Distinguished Business Service Award from the Lake Superior Community Partnership.
- 2015 Catalyst Award from the Community Foundation of Marquette County.
- 2015 Reader's Choice Best Bank Award from the *Mining Journal*.

These awards would not have been possible without the support of our dedicated employees and directors. We truly believe that our people are our most important asset and the reason for our success. We are proud of these awards and will continue to work hard to serve our communities.

As always, we hope to see you at the annual meeting of shareholders on May 17, 2016, at the Masonic Building in downtown Marquette. Please watch for details in your annual meeting notice.

It has been a pleasure to serve our shareholders during 2015. On behalf of our directors, officers and staff, we thank you for your continued support. If you have any questions, please feel free to contact me at kapalmer@rangebank.com or 906-228-8041.

Sincerely,

Kenneth A. Palmer

Chairman, President & Chief Executive Officer

Executive Management Team



Kenneth A. Palmer
Chairman, President &
Chief Executive Officer



Terry L. Jutila
Senior Vice President &
Chief Credit Officer



Roxanne M. Daust
Executive Vice President



Danny M. Dawidowski
Senior Vice President,
Trust & Wealth Management



Timothy J. Baroni
Community President,
Copper Country



John C. Frost
Senior Vice President &
Chief Financial Officer

Range Financial Corporation and Range Bank Board of Directors

Kenneth A. Palmer, Chairman, President & CEO

Peter W. Frazier, Plant Engineer, Fraco, Inc.

Anita A. Johns, Holiday Travel Vacations

Allan L. Koskey, Retired, Koskey Funeral Home, Inc.

Anthony N. Kronicich, CPA, President, Kronicich, Hill & Associates

Janet R. Kuru, Retired CEO, Range Bank – Copper Country

Peter A. LaFreniere, DDS, Dental Practice

Anthony P. Locatelli, Co-Owner, Locatelli Construction Co.

John F. Marshall, Retired, Lake Superior & Ishpeming Railroad Co.

John F. Pillote, MD, Retired, Physician

Paul R. Symons, Retired, President, Symons Hardware

Stephen D. Vairo, President, Calumet Electronics Corp.

William C. Verrette, Owner/Director, Champion, Inc.



Thank you to our Community!

We sincerely appreciate your support and are honored by the following awards we received in 2015:

- 2015 Distinguished Business Service Award from Lake Superior Community Partnership
- 2015 Catalyst Award from Community Foundation of Marquette County
- 2015 Reader's Choice Award for Best Bank from *Mining Journal*

2015 Financial Summary

5-Year Summary (in thousands of dollars, except per share data)

As of December 31, 2015 2014 2013 2012 2011

AT YEAR END

Total Assets	\$328,236	\$311,692	\$281,016	\$274,058	\$266,485
Total Deposits	293,062	278,407	246,411	239,767	228,137
Net Loans	190,624	182,142	170,053	155,651	155,136
Investments	101,087	76,788	82,085	59,751	60,283
Capital Funds	30,801	29,164	27,616	27,703	25,704

EARNINGS

Operating Income	14,127	13,094	13,417	13,839	13,473
Operating Expense	11,294	10,639	10,748	10,731	10,800
Income Tax Expense	517	406	537	659	568
Net Income	2,316	2,049	2,132	2,449	2,105
Return on Average Assets	0.73%	0.70%	0.77%	0.89%	0.80%
Return on Average Equity	7.27%	6.78%	7.28%	8.61%	8.09%

PER SHARE DATA

Net Income	\$12.90	\$11.42	\$11.89	\$13.64	\$11.89
Cash Dividends	4.90	4.80	4.80	4.80	4.60
Book Value	\$171.58	\$162.64	\$154.03	\$154.26	\$145.15

Reconciliation of Reserve for Bad Debt

(in thousands)

As of December 31, 2015 2014

Balance beginning of period	\$1,907	\$2,029
Recoveries credited to reserve	7	1
Provision for possible loan losses	450	250
Losses charged to reserve	(178)	(373)
Balance end of period	\$2,186	\$1,907

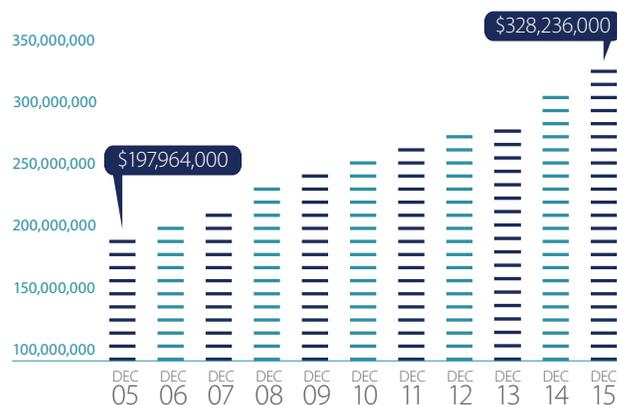
ASC 820 Valuation - Securities Footnote

Y to Y

Date	12/31/15	12/31/14	Change
No.	225	208	17
Par	98,175,277	75,325,152	22,850,125
Book	100,278,925	76,499,800	23,779,125
Market	101,201,612	77,146,820	24,054,792
Gain/Loss	922,687	647,020	275,667
	Book-Par change		929,000



ASSET GROWTH



DEPOSIT GROWTH



LOAN GROWTH



Combined Statement of Condition (unaudited, in thousands)

As of December 31, 2015 2014

ASSETS

Cash and Due from Banks	20,363	36,715
Investment Securities		
Held to Maturity	-	-
Available for sale (stated at fair value)	101,087	76,788
Federal funds sold and securities purchased under agreements to resell	-	-
Loans, net of unearned income	192,810	184,049
Allowance for possible loan loss	(2,186)	(1,907)
Loans, net	190,624	182,142
Bank Premises, Furniture and Equipment	10,633	10,598
Real Estate owned other than bank premises	102	236
Goodwill	1,772	1,772
All Other Assets	3,655	3,441
Total Assets	\$328,236	\$311,692

LIABILITIES

Total Deposits	293,062	278,407
Total Demand Deposits	148,134	143,124
Total Time and Savings Deposits	144,929	135,283
All Other Liabilities	4,372	4,121
Total Liabilities (excluding subordinated notes and debentures)	\$297,435	\$282,528

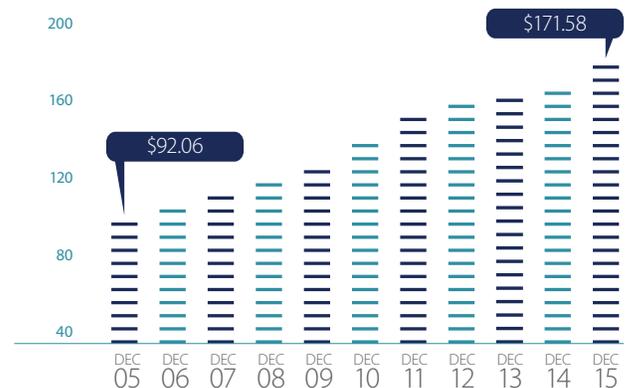
EQUITY CAPITAL

Common Stock (\$1 par value)		
1,000,000 shares authorized, 179,518 shares outstanding	180	179
Capital in Excess of Par	4,951	4,923
Retained Earnings	25,098	23,661
Unrealized gain (loss) on securities available for sale	572	401
Total Equity Capital	\$30,801	\$29,164
Total Liabilities and Equity Capital	\$328,236	\$311,692
Memo Item: Standby Letters of Credit	\$1,179	\$1,187

NET INCOME GROWTH



BOOK VALUE



Combined Statement of Income (in thousands)

As of December 31,	2015	2014
INTEREST INCOME		
Interest and fees on loans	10,335	9,622
Interest on investment securities:		
Taxable	968	921
Tax-exempt	924	830
Total Interest Income	12,227	11,373
INTEREST EXPENSE		
Interest expense on deposits	852	1,029
Interest expense on borrowings	86	88
Total Interest Expense	938	1,117
Net interest income	11,289	10,256
Provision for loan losses	(450)	(250)
Net Interest Income After Provision for Loan Losses	10,839	10,006
OTHER INCOME		
Service charges	348	335
Other operating income	1,247	1,228
Total Other Income	1,595	1,563
OPERATING EXPENSES		
Salaries and employee benefits	5,565	5,455
Occupancy	956	888
Other operating expenses	3,385	2,929
Total Operating Expenses	9,906	9,272
Income before provision for income taxes	2,528	2,297
Provision for income taxes	(517)	(406)
Income before other gains and losses	2,011	1,891
Security gains (losses)	305	158
Extraordinary gains (losses)	-	-
Net Income	2,316	2,049
	2015	2014
Earnings Per Common Share	12.90	11.42

Reconciliation of Equity Capital Accounts

	Common Stock	Retained Earnings	Unrealized Gain (Loss) on Securities Available for Sale	Total Stockholders' Equity
Balance, December 31, 2014	\$5,101,354	\$23,661,197	\$401,196	\$29,163,747
Net Income		2,316,495		2,316,495
Cash dividends declared, \$4.90 per share		(879,646)		(879,646)
Issuance of shares	193,650			193,650
Acquisition of shares outstanding	(163,695)			(163,695)
Change in unrealized gain (loss) on securities available-for-sale, net of applicable deferred income taxes			170,869	170,869
Balance, December 31, 2015	\$5,131,309	\$25,098,046	\$572,065	\$30,801,420



Come visit our **new building!**

After three years of renovation, we are happy to announce that our new headquarters on the corner of Front and Washington Street in downtown Marquette is now complete. We are proud of our headquarters, and if you haven't already stopped by for a tour, we would be happy to show you around the next time you are in the area.

Our Core **Values**

Serving You is Our #1 Priority

OUR **MISSION**

"We will be the bank of choice in the communities we serve."

OUR **VALUES**

We will look and act like we are ready to serve.

We will remember the power of common courtesies.

We will encourage each customer to come back and do more banking with us.

We will strive to always exceed our customers' expectations.

We will quickly make Range Bank "wrongs" into customer "rights."

We understand that change is inevitable.

We believe in and support our employees.

We believe in teamwork.

At Range Bank, we believe that we will exceed our customers' expectations by adhering to our committed values.

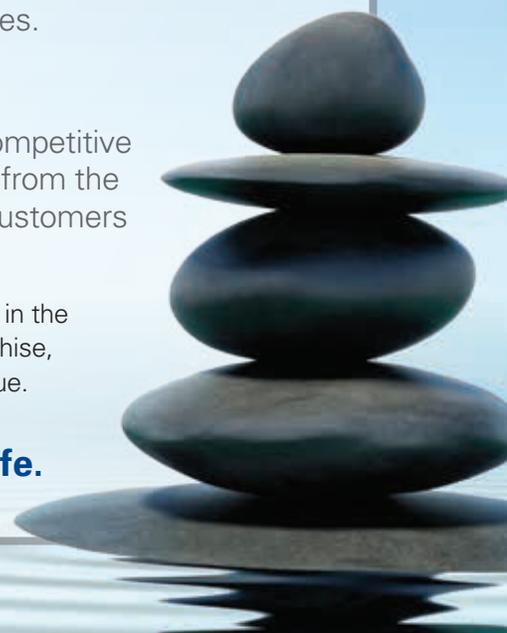
OUR **SERVICE STRATEGY**

"A commitment to personalized, quality service and competitive products will be maintained to differentiate ourselves from the competition. We will exceed the expectations of our customers by adhering to our mission and our values."

At Range Bank, we believe that by being the bank of choice in the communities we serve, we will continue to grow our franchise, achieve our financial goals, and increase shareholder value.



We are Range. **We are your bank for life.**



Corporate Office

Range Financial Corporation
100 North Front Street
Marquette, MI 49855
(906) 226-1025
rangebank.com

Marquette County

Marquette Headquarters
Negaunee
Marquette, McClellan Avenue
Marquette, Third Street
Marquette Township
Harvey
Koski Korners

Copper Country

Calumet
Houghton
Lake Linden

Dickinson County

Kingsford
Quinnesec

Range Bank is a wholly-owned subsidiary of Range Financial Corporation and is locally owned and managed to best serve the needs of the families and businesses in the communities it serves.

Officers

Kenneth A. Palmer, Chairman, President & CEO

Roxanne M. Daust, Executive Vice President

Timothy J. Baroni,

Community Bank President - Copper Country

Terry L. Jutila,

Senior Vice President & Chief Credit Officer

John C. Frost,

Senior Vice President & Chief Financial Officer

Danny M. Dawidowski,

Senior Vice President, Trust &
Wealth Management Officer

James P. Markham, Jr., Senior Vice President

Brian L. Syrjala, Senior Vice President

Kristy M. Sibilsky, Senior Vice President

Charlotte L. Gaudreau, Vice President

Kelly L. Jandron, Vice President

Angela M. Knauss, Vice President

John W. Lenten, CPA, Vice President

Sally L. Shaver, Vice President

Christopher H. DeRoche, Vice President

Michelle M. McLaughlin, Vice President

Glenn A. Johnson, Vice President

Kelli J. Hendrickson, Assistant Vice President

Linda M. Turri, Assistant Vice President

Cheryl L. O'Brien, Branch Manager & Loan Officer

Christopher J. Gobert,

Branch Manager & Loan Officer

Kimberley S. Kaura, Branch Manager & Loan Officer

Kristin D. Knapp, Branch Manager & Loan Officer

Michele M. Kontio, Trust Officer

Rachel M. Simonsen, Operations Officer

