



Where the U.P. banks.



LETTER TO OUR SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the 2014 annual report to the shareholders of Range Financial Corporation, the holding company for Range Bank.

Range Bank was founded in 1887 and is a community bank leader in the Upper Peninsula. We are proud of our success and we are committed to building upon our strong foundation to grow our company well into the future.

I am pleased to report that in 2014 our company continued to deliver solid financial results. These results were achieved by focusing on fundamentals that include strong asset quality, exceptional customer service and consistent execution of our strategic plan. Our net income of \$2,049,000 marks the sixth consecutive year that net income exceeded \$2 million. Our assets continue to grow as well and as of December 31, 2014 were over \$312 million. In addition, we manage over \$303 million in sold loans as well as business sweep accounts and trust and wealth management assets bringing our total assets under management to over \$615 million.

In the three years since we established our Trust and Wealth Management department assets have grown to over \$70 million, well exceeding our expectations. 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 are pleased to report that the renovation of our new headquarters in downtown Marquette is now complete. In addition to housing our Executive Management Offices our headquarters now provides a full-service experience for Mortgage Lending, Business Banking, Trust and Wealth Management as well as deposit services. Additionally, we are proud of the fact that we are the only bank operating in Marquette County that is also headquartered here.

Another measure of our success is the recognition that we have recently received from organizations in the communities we serve. The Lake Superior Community Partnership recently selected Range Bank as the recipient of the 2015 Distinguished Business Service Award. Additionally, The Mining Journal, Marquette County's daily newspaper, named us as the 2014 Reader's Choice winner in the 'Best Bank' category. In large part, these recognitions are the result of our employees and directors involving themselves in many organizations throughout the communities we serve. We are proud of these awards and will continue to work hard to serve our communities.

As we look to the future, I truly believe that people are our most important asset. Our ability to attract and retain bright, motivated and caring people is the reason we have achieved success and hiring and retaining the right people will continue to be critical as we move forward. To this end, we are pleased to announce a recent hire and two Officer promotions. Scott Slattery recently joined our team as a Trust and Wealth Management Representative, Jamey Markham from our Copper Country Region was promoted to Senior Vice President Business Banking and Michelle McLaughlin from our Marquette Region was promoted to Vice President Business Credit.

As always, we hope to see you at the annual meeting of shareholders on May 19, 2015 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 2014. 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 & CEO



ROXANNE M. DAUST
Executive Vice President



TIMOTHY J. BARONI
Community President
Copper Country



CHUCK MUNK
Community President
Dickinson County



TERRY L. JUTILA
Senior Vice President &
Chief Credit Officer



DANNY M. DAWIDOWSKI
Senior Vice President
Trust & Wealth Management



JOHN C. FROST
Vice President &
Chief Financial Officer

PEOPLE MAKE THE DIFFERENCE

Our most important assets are the businesses, families, and customers we serve. Every day, our employees strive to provide the best financial solutions and customer service that exceeds the expectations of each customer we serve.

For generations, we have invested in the communities we serve and remain committed to making our home a better place. From employee involvement to monetary support, we take pride in the Upper Peninsula.

Throughout 2015, Range Bank will continue to provide our customers an exceptional banking experience. We will ensure the financial solutions provided are the best and we thank you for the opportunity to be your bank of choice.

COMMUNITY INVESTMENT LEADER

Investing in the communities and people of the Upper Peninsula is important to us. Since 1887, we have grown with the businesses and families that have helped make our home the best place to live and work.

In addition to monetary support, Range Bank employees are proud to donate their time to support civic and charitable organizations. A sample of area events and local organizations we support include:

- United Way
- YMCA
- Bay Cliff
- Big Brothers Big Sisters
- Beacon House
- Pine Mountain Music Festival
- Dial Help
- XTERRA
- Negaunee Irontown Association
- Evergreen Award
- NMU Foundation
- Calumet Theater
- Marquette Rail Jam
- Superior Health Foundation
- Great Lakes Center for Youth Development
- Dickinson Area Community Foundation
- Keweenaw Community Foundation



Bowl for Kid's Sake – Range Bank Employees



Marquette Rail Jam



BUSINESS BANKING LEADER

Range Bank continues to be the bank of choice for businesses in the Upper Peninsula. Our business banking experts get to know each customer we serve. We develop a plan for success specific to each client and work with you to ensure financial success. Whether you are seeking to take your business to the next level or are just starting out, we will help you and your business find the right path to achieve your financial goals.



Kristy Sibilsky – Range Bank Business Banking,
Wes and Andrea Pernsteiner – Ore Dock Brewing Company,
Owner & Co-founder, Eric Kucharczyk – Range Bank Business Banking

MORTGAGE BANKING LEADER

Outstanding customer service. Fast. Local. Accessible. Anyone can apply for a home loan any time of day or night with our online mortgage application by visiting our website.

We have helped families achieve their dream of homeownership for generations. With diverse home loan programs and a staff dedicated to helping you find the perfect solution, we are with you each step of the way through closing on your new loan.



Angie Knauss, Chris Gobert, Kelli Hendrickson – Range Bank Mortgage Lenders

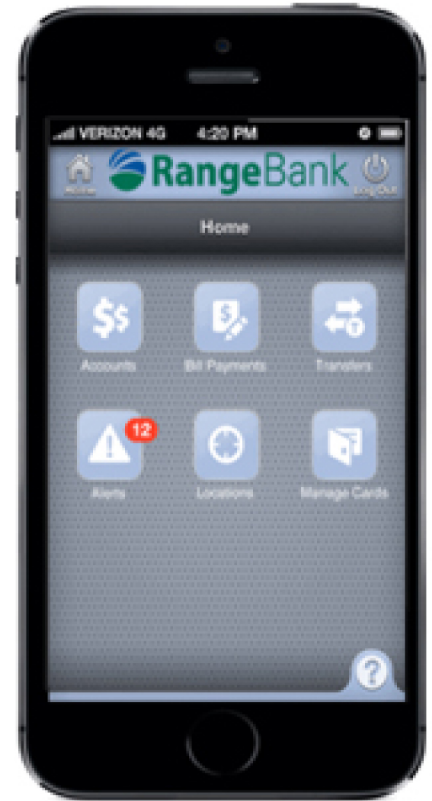


CONSUMER BANKING AND TECHNOLOGY LEADER

We offer our customers the best mix of consumer banking solutions combined with the latest technology. Range Bank deposit accounts are packed with benefits that reward our customers for their relationship with us.

We are dedicated to providing our customers with the ultimate banking convenience. With Range Bank Mobile Banking, customers can safely and securely access accounts anytime, anywhere. Online Banking also allows customers the ability to manage their finances at their convenience.

We appreciate the loyalty our customers have shown us and we are dedicated to providing the products, services and technology needed to make banking with us a positive experience.



TRUST & WEALTH MANAGEMENT LEADER

We work with you today so you can plan for tomorrow. Range Bank Trust & Wealth Management professionals have the expertise to help families ensure a bright financial future. Our approach is unique as we take a non-commissioned approach to investing; ensuring we always have the client's best interests at the forefront of every decision.

Our Trust & Wealth Management team is dedicated to providing each customer the best and most complete investment solutions to meet their individual financial need.



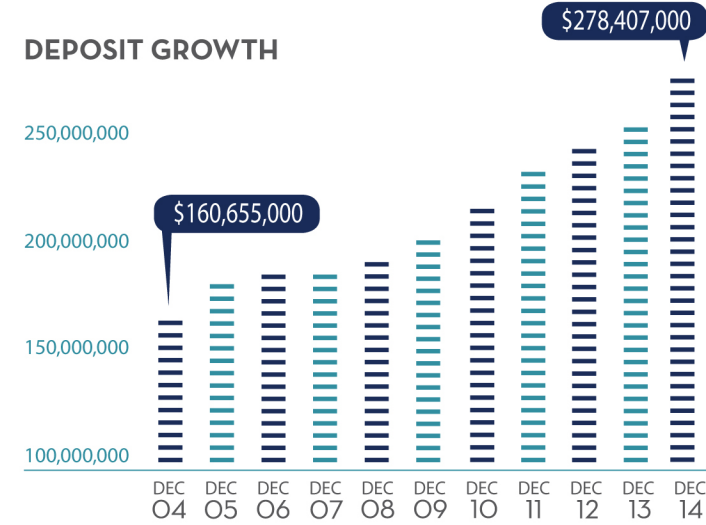
Scott Slattery, Michele Kontio, Danny Dawidowski -
Range Bank Trust and Wealth Management



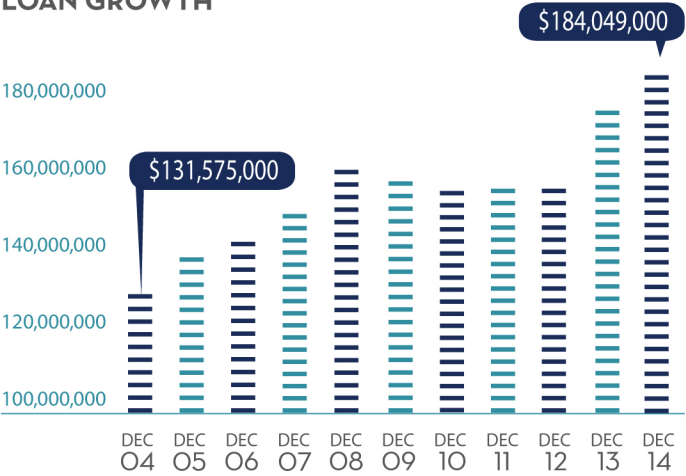
ASSET GROWTH



DEPOSIT GROWTH



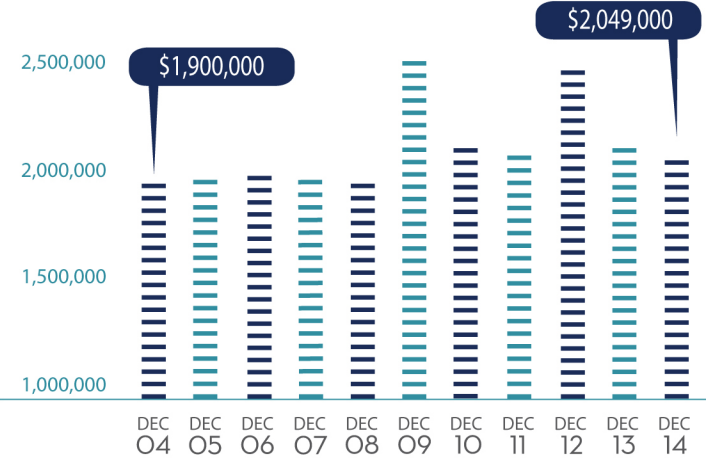
LOAN GROWTH



BOOK VALUE



NET INCOME GROWTH



COMBINED STATEMENT OF CONDITION (UNAUDITED)

As of December 31, Assets	2014	2013
Cash and due from banks	36,715,000	12,854,000
Investment securities		
Held to maturity	-	-
Available for sale (stated at fair value)	76,788,000	82,085,000
Federal funds sold and securities Purchased under agreements to resell	-	-
Loans, net of unearned income	184,049,000	172,082,000
Allowance for possible loan loss	(1,907,000)	(2,029,000)
Loans, net	182,142,000	170,053,000
Bank premises, furniture and equipment	10,598,000	10,867,000
Real estate owned other than bank premises	236,000	76,000
Goodwill	1,772,000	1,772,000
All other assets	3,441,000	3,309,000
Total Assets	\$311,692,000	\$281,016,000
Liabilities		
Total deposits	278,407,000	246,411,000
Total demand deposits	143,124,000	126,253,000
Total time and savings deposits	135,283,000	120,158,000
All other liabilities	4,121,000	6,989,000
Total Liabilities (excluding subordinated notes and debentures)	\$282,528,000	\$253,400,000
Equity Capital		
Common stock (\$1 par value)		
1,000,000 shares authorized, 179,286 shares outstanding	179,000	180,000
Capital in excess of par	4,923,000	4,917,000
Retained earnings	23,661,000	22,473,000
Unrealized gain (loss) on securities available for sale	401,000	46,000
Total Equity Capital	\$29,164,000	\$27,616,000
Total Liabilities and Equity Capital	\$311,692,000	\$281,016,000
Memo Item: Standby Letters of Credit	\$1,187,000	\$1,179,000

ASC 820 VALUATION – SECURITIES FOOTNOTE

Y TO Y					
DATE	NO.	PAR	BOOK	MARKET	GAIN/LOSS
12/31/14	208	75,326,652	76,501,300	77,148,391	647,091
12/31/13	226	80,620,384	82,114,789	82,189,129	74,340
CHANGE	(18)	(5,293,732)	(5,613,489)	(5,040,738)	572,751
		BOOK-PAR CHANGE	(319,757)		

COMBINED STATEMENT OF INCOME

As of December 31, Interest Income	2014	2013
Interest and fees on loans	9,622,000	9,356,000
Interest on investment securities:		
Taxable	921,000	895,000
Tax-exempt	830,000	921,000
Total Interest Income	11,373,000	11,172,000
Interest Expense		
Interest expense on deposits	1,029,000	1,193,000
Interest expense on borrowings	88,000	94,000
Total Interest Expense	1,117,000	1,287,000
Net interest income	10,256,000	9,885,000
Provision for loan losses	(250,000)	(270,000)
Net Interest Income After Provision for Loan Losses	10,006,000	9,615,000
Other Income		
Service charges	335,000	378,000
Other operating income	1,228,000	1,690,000
Total Other Income	1,563,000	2,068,000
Operating Expenses		
Salaries and employee benefits	5,455,000	5,264,000
Occupancy	888,000	931,000
Other operating expenses	2,929,000	2,996,000
Total Operating Expenses	9,272,000	9,191,000
Income before provision for income taxes	2,297,000	2,492,000
Provision for income taxes	(406,000)	(537,000)
Income before other gains and losses	1,891,000	1,955,000
Security gains (losses)	158,000	177,000
Extraordinary gains (losses)	-	-
Net Income	2,049,000	2,132,000
	2014	2013
Earnings Per Common Share	11.42	11.89

5 YEAR SUMMARY

(in thousands of dollars, except per share data)

As of December 31,	2014	2013	2012	2011	2010
At Year End					
Total assets	\$311,692	\$281,016	\$274,058	\$266,485	\$254,217
Total deposits	278,407	246,411	239,767	228,137	214,874
Net loans	182,142	170,053	155,651	155,136	153,600
Investments	76,788	82,085	59,751	60,283	70,104
Capital funds	29,164	27,616	27,703	25,704	23,442

	2014	2013	2012	2011	2010
Earnings					
Operating income	13,094	13,417	13,839	\$13,473	\$14,107
Operating expense	10,639	10,748	10,731	10,800	11,434
Income tax expense	406	537	659	568	518
Net income	2,049	2,132	2,449	2,105	2,155
Return on average assets	0.70%	0.77%	0.89%	0.80%	0.83%
Return on average equity	6.78%	7.28%	8.61%	8.09%	8.76%

	2014	2013	2012	2011	2010
Per Share Data					
Net income	\$11.42	\$11.89	\$13.64	\$11.89	\$12.22
Cash dividends	4.80	4.80	4.80	4.60	4.20
Book value	\$162.64	\$154.03	\$154.26	\$145.15	\$132.91

RECONCILIATION OF EQUITY CAPITAL ACCOUNTS

	Common Stock	Retained Earnings	Unrealized Gain (Loss) on Securities Available for Sale	Total Stockholders' Equity
Balance, as of December 31, 2013	\$5,097,238	\$22,472,929	\$46,091	\$27,616,258
Net income		2,048,511		2,048,511
Cash dividends declared, \$4.80 per share		(860,243)		(860,243)
Issuance of shares	352,065			352,065
Acquisition of shares outstanding	(347,949)			(347,949)
Change in unrealized gain (loss) on securities available-for-sale, net of applicable deferred income taxes			355,105	355,105
Balance, as of December 31, 2014	\$5,101,354	\$23,661,197	\$401,196	\$29,163,747

RECONCILIATION OF RESERVE FOR BAD DEBT

As of December 31,	2014	2013
Balance beginning of period	\$2,029,000	\$1,971,000
Recoveries credited to reserve	1,000	22,000
Provision for possible loan losses	250,000	270,000
Losses charged to reserve	(373,000)	(234,000)
Balance End of Period	\$1,907,000	\$2,029,000

RANGE FINANCIAL CORPORATION AND RANGE BANK BOARD OF DIRECTORS

Kenneth A. Palmer, Chairman, President & CEO
Peter W. Frazier, Chairman, FRACO, Inc.
Anita A. Johns, Holiday Travel Vacations
Allan L. Koskey, Retired, President, Koskey Funeral Home
Anthony N. Kroncich, CPA, President, Kroncich & 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, M.D., Retired, Physician
Bruce A. Rukkila, CPA, MA, CVA, CEP, Owner, Rukkila Negro and Associates, Certified Public Accountants, PC
Paul R. Symons, Retired, President, Symons Hardware
Stephen D. Vairo, President, Calumet Electronics Corp.
William C. Verrette, Owner/Director, Champion, Inc.
Karl A. Weber, Partner, Plunkett & Cooney Law Firm

OFFICERS

Kenneth A. Palmer, Chairman, President & CEO
Roxanne M. Daust, Executive Vice President
Timothy J. Baroni, Community Bank President -
Copper Country
Charles D. Munk, Community Bank President -
Dickinson County
Terry L. Jutila, Senior Vice President & Chief Credit Officer
Danny M. Dawidowski, Senior Vice President
Trust & Wealth Management Officer
James P. Markham, Jr., Senior Vice President
John C. Frost, Vice President & Chief Financial Officer
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
Brian L. Syrjala, Vice President
Kristy M. Sibilsky, Vice President
Christopher H. DeRoche, Vice President
Michelle M. McLaughlin, Vice President
Kelli J. Hendrickson, Assistant Vice President
Linda M. Turri, Assistant Vice President
Glenn A. Johnson, Compliance Officer
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





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 Korner

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.

COPPER COUNTRY

Calumet
Houghton
Lake Linden

DICKINSON COUNTY

Kingsford
Quinnesec

