



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 25, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Stearns Bank National Association
Charter Number: 15576

4191 Second Street South
St. Cloud, MN 56303-0000

Office of the Comptroller of the Currency

NORTH DAKOTA & NW MINNESOTA
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Stearns Bank National Association** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | Stearns Bank National Association Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | | X | X |
| Low Satisfactory | X | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Stearns Bank’s Lending Test performance is adequate. Borrower distribution and community development loan performance is good. Geographic distribution is below the demographic information of the St. Cloud MSA. Lending within either of the bank’s assessment areas is low but is mitigated by the volume of conditional sales agreements originated by the bank’s leasing department.
- Stearns Bank’s Investment Test performance is good. Although the St. Cloud assessment area has limited opportunities, the bank made investments totaling 1.28% of Tier 1 Capital plus an additional 11.02% in investments in the Minneapolis assessment area, regional area, and nationwide. These investments focus on the identified needs of the assessment areas.
- Stearns Bank’s Service Test performance is good. Numerous bank employees are involved in organizations that meet community development needs in the St. Cloud assessment area. Bank branches and ATMs are accessible to low- and moderate-income customers.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Stearns Bank National Association (Stearns) is an interstate bank headquartered in St. Cloud, MN. Its parent company is the \$1.6 billion Stearns Financial Services, Inc. (SFSI) of St. Cloud, MN.

Prior to 2008, Stearns was located only in the state of Minnesota with an affiliate located in Scottsdale, Arizona. At year-end 2007, the Arizona charter was merged into the Minnesota charter. For this evaluation, only the Minnesota assessment areas (AA) are included for analysis. Loan data for years 2005, 2006, and 2007 originated in the state of Minnesota are used for review. This is to provide for a more meaningful and accurate depiction of the bank's community reinvestment activities.

Stearns has three locations in the state of Minnesota. The main office and the Albany branch are located in the St. Cloud Metropolitan Statistical Area (MSA) and the Edina branch is located in the Minneapolis-St. Paul MSA. In addition, there are five ATMs located within the assessment areas. The bank also has two loan production offices located in Waite Park, Minnesota and Woodcross, Utah.

Stearns is a full-service commercial bank. Its focus is on business lending throughout the United States. Stearns is a leader in Section 42 Low Income Housing Tax Credit Financing and Small Business Administration Loans. The bank has a leasing division which originates commercial leases in all 50 states through small business and agricultural equipment leasing programs. In addition, products and services to meet the needs of individuals are offered including residential real estate loans. Programs through the USDA and FHA are offered to assist first-time homeowners and/or low- and moderate-income borrowers.

Stearns has \$1.3 billion in assets as of December 31, 2007, with net loans and leases representing 90% of those assets. Commercial loans represent 97% by dollar volume of the outstanding loan balance. Tier 1 Capital is \$222 million or 17.12% of total assets.

There are no known legal, financial, or other factors impeding Stearns ability to help meet the credit needs in its assessment areas.

Stearns last CRA examination was as of February 3, 2005 and the CRA rating was "Satisfactory".

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test was January 1, 2005 through December 31, 2007, except for community development loans which were evaluated through September 15, 2008. Community development investments and services were evaluated from January 1, 2005 through September 15, 2008. We used home mortgage loan information and small business and farm loan data collected by Stearns.

Commercial loans represent the largest portion of lending activity during the 2005-2007 evaluation period with originations totaling 2,109 loans or \$2.4 billion. Home mortgage loan originations totaled 746 or \$92 million and agricultural loans totaled 552 or \$15 million.

The geographic distribution conclusions are based on the combination of the geographic distribution of the bank's loans within its assessment areas and whether there are any unexplained gaps in lending in any geographic areas within the assessment areas.

In our analysis of borrower distribution, we consider the level of poverty in each assessment area and the impact it could have on the ability of lower-income families to obtain loans. Similarly, we consider housing costs relative to area incomes and the limiting affect it might have on the demand for loans.

In our evaluation of the Investment Test, we gave consideration to investments and donations made during the evaluation period. We gave primary consideration to those made within the evaluation period and within the bank's assessment areas. Lesser consideration was given to prior period investments and those made outside the bank's assessment areas.

In our evaluation of the Service Test, we gave primary consideration to community services provided within the bank's assessment areas. In addition, we evaluated the range of products and services offered and the delivery of retail products. We gave lesser consideration to services provided outside the bank's assessment areas.

Data Integrity

Prior to this evaluation, we reviewed HMDA and CRA loan data Stearns collected. Based on a sample of the data from the years 2005-2007, we determined the data was generally reliable and able to be used for this evaluation.

During this evaluation, we also reviewed the loans, investments, and services presented with a primary purpose of community development. We confirmed these did have a primary purpose and included them in our analysis of community development activities.

Selection of Areas for Full-Scope Review

We selected the St. Cloud MSA AA for a full-scope review based on the dollar of deposits and number of loans. The Minneapolis AA received a limited-scope review. Refer to Appendix A.

Ratings

The bank's overall rating is based primarily on the area that received a full-scope review. The St. Cloud AA originated 88% of total loans reviewed resulting in this area receiving the greatest weight.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Lending Test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the St. Cloud AA is adequate.

Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. Although this is a competitive market, Stearns has the largest deposit share of the 34 financial institutions within its AA, representing 27.18% of aggregate market deposits and totaling \$935 million.

During the evaluation period, Stearns originated and purchased 285 small business loans in the St. Cloud AA totaling \$28 million. The bank ranked 10th out of 40 lenders with a market share of 12.5%.

For small farm loans originated and purchased, Stearns had a market share of 47% totaling \$5.6 million and ranked 1st out of 15 lenders in the AA reporting CRA data.

For home mortgage loans, Stearns ranked 42nd out of 367 lenders reporting HMDA data with a market share of 0.6%.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of Stearns' home mortgage loans is poor.

Home purchase and home refinance loans to borrowers in moderate-income tracts is below the demographic information of the AA. Home improvement loans to borrowers in moderate-income geographies is comparable to the demographics but represent less than 1% of all home mortgage loans. Of the four moderate-income tracts, one is located in the southwestern corner of the county and is served by other financial institutions within that tract. There are no owner-occupied units in the AA's low-income geography.

A geographic distribution analysis of multifamily loans is not meaningful due to the low volume of these loan types.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of Stearns' small loans to businesses in the St. Cloud AA is poor.

In the St. Cloud AA, the percentage of Stearns small loans to businesses in the low-income geography is comparable to the percentage of businesses located in that geography. Stearns' percentage of small loans to businesses in moderate-income geographies is lower than the percentage of businesses located in those geographies.

Small Loans to Farms

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms in the St. Cloud AA is poor.

The percentage of Stearns small loans to farms in the low- and moderate-income geographies is below the percentage of farms located in those geographies. This is mitigated by the location of the farms in relation to the bank offices. The moderate-income census tract is located in the southwestern corner of the St. Cloud AA and contains 94% of all farms reported in these geographies. This geography is served by other financial institutions located within the CT. The low-income geography is located in the city of St. Cloud.

Lending Gap Analysis

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the St. Cloud MSA.

Inside/Outside Ratio

Stearns' lending within one of its designated AAs does not meet the standard for satisfactory performance. The majority of loans originated during the evaluation period were made out of the St. Cloud MSA or the Minneapolis AA. Stearns made 25% by number and 33% by dollar volume of loans within its AAs. This is primarily due to small loans to businesses which report 17% made within the AA. Stearns' leasing department originates conditional sales contracts nationwide which accounts for a majority of the number of small loans to businesses. Without these contracts, Stearns' lending in the AAs would be 73% by number and 56% by dollar volume. For HMDA loans, 75% were originated within one of the bank's AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Borrower distribution in the St. Cloud MSA reflects reasonable penetration among home mortgage loan customers of different income levels. Primary reliance is placed on home purchase and home refinance loans as 49% and 45%, respectively, of HMDA reportable loans.

Lending to moderate-income is comparable to the percentages of moderate-income families. Home purchase and home improvement loans originated by Stearns were slightly higher to moderate-income families and home refinance loans were slightly lower than the percentages of moderate-income families. Stearns' lending to low-income borrowers is below the percentages of low-income families for all home mortgage loan types but is mitigated due to the lower likelihood of qualifying for these loan types. In the St. Cloud MSA, the median value of a home is \$162,000 and the income of a low-income borrower based on the HUD Updated MSA Median Family Income is \$30,600 and less. In addition, nearly 9% of the AA population has an income considered to be under the poverty level.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of borrowers in the St. Cloud MSA reflects excellent penetration among business customers of different sizes. The percentage of Stearns' loans to small businesses (those with revenues of \$1 million or less) exceeds the percentage of businesses in the MSA with those smaller revenues.

Small Loans to Farms

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of Stearns' small loans to farms of different sizes reflects reasonable penetration. The percentage of loans to small farms (those with revenues of \$1 million or less) is comparable to the demographic information in the St. Cloud AA.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending has a positive impact on the lending performance in the St. Cloud MSA. Stearns originated six community development loans totaling \$715 thousand in the St. Cloud MSA during the evaluation period. This equates to 0.34% of the bank's Tier 1 Capital. In addition, Stearns originated 28 affordable housing loans totaling \$90.7 million in a GO Zone and 10 affordable housing loans totaling \$6.5 million outside the bank's AAs. These represent an additional 61.7% of Tier 1 Capital. No community development loans were originated in the Minneapolis AA.

Product Innovation and Flexibility

Stearns' offering of flexible loan products had a neutral impact on the Lending Test performance. Stearns originated 18 loans under a flexible loan program targeted to low- and moderate-income borrowers in 2006, 2007, and 2008.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Minneapolis AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the lending test. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the St. Cloud MSA is good.

Refer to Table 13 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Stearns' volume of qualified investments in the St. Cloud MSA is good. During the evaluation period Stearns made 26 qualified investments totaling nearly \$2.9 million. This represents 1.36% of the bank's Tier 1 Capital. Twelve of the investments are mortgage-backed securities (MBS) providing affordable housing to low- and moderate-income borrowers residing in the St. Cloud AA. In addition, Stearns made monetary donations totaling \$309 thousand to five local organizations. These organizations provide social services to low- and moderate-income individuals.

Additional qualified investments were made outside the bank's AAs. In 2005, a donation of \$75 thousand was made to Hurricane Katrina Relief to assist with revitalizing and stabilizing a disaster area. During the evaluation period, an SBIC (small business investment company) was funded in the amount of \$3.4 million. This benefits small businesses by investing in lower middle-market companies.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Investment Test in the Minneapolis AA is stronger than the bank's overall "High Satisfactory" rating. Stearns made 32 current period investments totaling \$19.6 million in MBS which provide affordable housing to low- and moderate-income borrowers residing in the Minneapolis AA. In addition, six prior period investments in MBS totaling \$2.3 million remain outstanding. This higher performance is attributable to a larger volume of these investments being available in the Minneapolis AA. Refer to Table 13 in appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the St. Cloud MSA is good.

Retail Banking Services

Refer to Table 14 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Stearns' dispersion of branches and accessibility to products and services is reasonable. Although all branches and ATMs are located in middle-income geographies, the St. Cloud and Edina offices are in close proximity to low- and moderate-income geographies and accessible to customers of different income levels. In the St. Cloud MSA, 3% and 12% of the population live in the low- and moderate-income geographies, respectively. Stearns offers extended lobby and drive-in hours at its locations to enhance the accessibility.

Stearns' did not open or close any branches during the evaluation period. Other delivery systems include ATM cards, debit cards, telephone banking, and internet banking.

Community Development Services

The bank's level of community development services is good. This is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns employees provide a good level of community development services in the St. Cloud MSA. These employees worked with nine organizations providing services to low- and moderate-income individuals, creating affordable housing for low- and moderate-income individuals, and promoting economic development.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Minneapolis AA is weaker than the bank's overall "High Satisfactory" rating. This is attributed to the single branch located in the AA and the volume of business it conducts. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

| | | | |
|--|--|---|--|
| Time Period Reviewed | Lending Test (excludes CD Loans): (01/01/2005 to 12/31/2007) Investment and Service Tests and CD Loans: (01/01/2005 to 09/15/2008) | | |
| Financial Institution | Products Reviewed | | |
| Stearns Bank National Association (Stearns) St. Cloud, MN | Business Loans Farm Loans Home Mortgage Loans | | |
| List of Assessment Areas and Type of Examination | | | |
| Assessment Area | Type of Exam | Other Information | |
| St. Cloud MSA #41060 | Full-Scope | Includes Stearns and Benton counties | |
| Minneapolis AA #33460 | Limited-Scope | Includes Wright, Hennepin, and Sherburne Counties | |

Appendix B: Market Profiles for Full-Scope Areas

St. Cloud MSA AA

| Demographic Information for Full-Scope Area: St. Cloud MSA | | | | | | |
|---|---------|----------------------------------|--------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 34 | 2.94 | 11.76 | 73.53 | 11.76 | 0.00 |
| Population by Geography | 167,392 | 0.66 | 9.93 | 71.05 | 18.36 | 0.00 |
| Owner-Occupied Housing by Geography | 43,883 | 0.00 | 7.89 | 73.89 | 18.43 | 0.00 |
| Businesses by Geography | 14,244 | 3.48 | 10.06 | 71.08 | 15.37 | 0.00 |
| Farms by Geography | 1,571 | 0.13 | 12.41 | 81.41 | 6.05 | 0.00 |
| Family Distribution by Income Level | 40,812 | 16.15 | 19.14 | 27.52 | 37.19 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 14,403 | 0.10 | 11.75 | 76.98 | 11.18 | 0.00 |
| Median Family Income = \$52,494 | | Median Housing Value = \$101,889 | | | | |
| HUD Adjusted Median Family Income for 2006 = \$61,800 | | Unemployment Rate = 2.05% | | | | |
| Households Below the Poverty Level = 9% | | (2000 US Census) | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, and 2006 HUD updated MFI.

The assessment area consists of all the St. Cloud MSA which includes the counties of Stearns and Benton. As of June 30, 2007, Stearns Bank had \$935 million in deposits. Stearns ranks 1st in deposit market share of the 34 financial institutions in the two-county area.

Major industries in the St. Cloud MSA include services and manufacturing. The largest employers are from the medical field, public school systems, and computer related services. In addition, there is a major refrigeration manufacturer and transportation equipment manufacturer in the AA. Unemployment in the St. Cloud MSA is slightly below the national rate for 2007.

Community and credit needs in the St. Cloud MSA include affordable housing for low- and moderate-income individuals and families and financial support and assistance for organizations whose focus is the LMI population. Primary issues for small businesses are limited capital for business expansion and financing of new businesses.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As ___12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and

upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and

investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

| LENDING VOLUME 2007 | | Geography: STEARNS CRA 2008 | | | | | | Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, | | | | |
|-------------------------------|--|-----------------------------|------------|------------------------------|------------|----------------------|------------|--|------------|-------------------------|-----------|---|
| MA/Assessment Area (2007): | % of Rated Area Loans (#) in MA/AA | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans ** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA *** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | |
| Full Review: | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 88.30 | 253 | 42,698 | 894 | 86,106 | 514 | 14,691 | 0 | 0 | 1,661 | 143,495 | 97.89 |
| Limited Review: | | | | | | | | | | | | |
| Stearns - Mpls MSA | 11.70 | 34 | 5,633 | 179 | 29,149 | 7 | 222 | 0 | 0 | 220 | 35,004 | 2.11 |

* Loan Data as of December 31, 2007. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2007.

*** Deposit Data as of September 09, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | | | | Evaluation Period: JANUARY 1, 2005 TO | | | | | | | |
|---|---------------------------|-----------------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans**** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 122 | 87.14 | 0.00 | 0.82 | 7.89 | 1.64 | 73.68 | 76.23 | 18.43 | 21.31 | 0.92 | 0.00 | 0.00 | 1.01 | 0.91 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 18 | 12.86 | 2.53 | 5.56 | 15.37 | 0.00 | 50.45 | 88.89 | 31.66 | 5.56 | 0.02 | 0.00 | 0.00 | 0.04 | 0.00 |

* Based on 2006 Peer Mortgage Data (Western)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | | | | Evaluation Period: JANUARY 1, 2005 TO | | | | | | | |
|--|------------------------------|-----------------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|---------------------------------------|--------------------------|--------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ*** | % BANK Loans**** | % Owner Occ*** | % BANK Loans | % Owner Occ*** | % BANK Loans | % Owner Occ*** | % BANK Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 15 | 88.24 | 0.00 | 0.00 | 7.89 | 6.67 | 73.68 | 66.67 | 18.43 | 26.67 | 0.84 | 0.00 | 0.00 | 0.95 | 0.68 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 2 | 11.76 | 2.53 | 0.00 | 15.37 | 0.00 | 50.45 | 100.00 | 31.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

* Based on 2006 Peer Mortgage Data (Western)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | | | | | | Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, 2007 | | | | | |
|---|-------------------------------------|-----------------------------|-------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ*** Units | % BANK Loans**** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overa ll | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 113 | 88.98 | 0.00 | 0.00 | 7.89 | 1.77 | 73.68 | 74.34 | 18.43 | 23.89 | 0.72 | 0.00 | 0.00 | 0.73 | 0.89 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 14 | 11.02 | 2.53 | 0.00 | 15.37 | 0.00 | 50.45 | 78.57 | 31.66 | 21.43 | 0.01 | 0.00 | 0.00 | 0.01 | 0.02 |

* Based on 2006 Peer Mortgage Data (Western)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY 31, 2007 | | Geography: STEARNS CRA 2008 | | | | | | Evaluation Period: JANUARY 1, 2005 TO DECEMBER | | | | | | | |
|--|-------------------------|-----------------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--|--------------------------|--------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % of MF Units*** | % BANK Loans**** | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | Overa ll | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 3 | 100.0 0 | 1.91 | 0.00 | 17.24 | 0.00 | 66.46 | 66.67 | 14.39 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 0 | 0.00 | 15.02 | 0.00 | 29.12 | 0.00 | 39.23 | 0.00 | 16.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

* Based on 2006 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | Geography: STEARNS CRA 2008 | | | | | | | | Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, 2007 | | | | | |
|--|----------------------------|-----------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---|--------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 894 | 83.32 | 3.46 | 2.46 | 9.99 | 3.58 | 70.81 | 83.33 | 15.74 | 10.63 | 4.34 | 3.33 | 2.61 | 5.53 | 2.14 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 179 | 16.68 | 6.14 | 2.79 | 15.04 | 3.91 | 50.06 | 70.39 | 28.48 | 22.91 | 0.09 | 0.03 | 0.05 | 0.15 | 0.03 |

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2007).

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS TO DECEMBER 31, 2007 | | | Geography: STEARNS CRA 2008 | | | | | | | | Evaluation Period: JANUARY 1, 2005 | | | | |
|---|------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|------------------------------------|------|-------|-------|------|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % of Farms** | % BANK Loans | % of Farms* | % BANK Loans | % of Farms* | % BANK Loans | % of Farms** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 514 | 98.66 | 0.19 | 0.00 | 12.25 | 2.53 | 81.46 | 97.47 | 6.09 | 0.00 | 47.04 | 0.00 | 21.05 | 50.28 | 0.00 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 7 | 1.34 | 1.13 | 0.00 | 10.45 | 0.00 | 61.17 | 100.00 | 27.17 | 0.00 | 1.40 | 0.00 | 0.00 | 2.55 | 0.00 |

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2007).

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE 2007 | | Geography: STEARNS CRA 2008 | | | | | | | | Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, 2007 | | | | | |
|--|---------------------------|-----------------------------|----------------------|------------------|---------------------------|----------------|-------------------------|------------------|------------------------|---|--------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families ¹ | % BANK Loans** | % Families*** | % BANK Loans**** | % Families** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 122 | 87.14 | 16.15 | 8.26 | 19.14 | 25.69 | 27.52 | 34.86 | 37.19 | 31.19 | 1.05 | 1.46 | 1.09 | 1.24 | 0.67 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 18 | 12.86 | 18.21 | 5.88 | 18.89 | 23.53 | 24.73 | 35.29 | 38.17 | 35.29 | 0.02 | 0.00 | 0.01 | 0.03 | 0.03 |

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 10.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | | | | | | Evaluation Period: JANUARY 1, 2005 TO | | | | | |
|--|------------------------------|-----------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|---------------------------------------|---------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families ² | % BANK Loans**** | % Families* | % BANK Loans**** | % Families** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 15 | 88.24 | 16.15 | 0.00 | 19.14 | 20.00 | 27.52 | 26.67 | 37.19 | 53.33 | 0.86 | 0.00 | 0.53 | 0.84 | 1.40 |
| Limited Review: | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 2 | 11.76 | 18.21 | 0.00 | 18.89 | 0.00 | 24.73 | 50.00 | 38.17 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | | | | | | | | Evaluation Period: JANUARY 1, 2005 TO | | | | |
|---|-------------------------------------|-----------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|----------------|---------------|---------------------------------------|------|------|------|--|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families ³ | % BANK Loans**** | % Families* ** | % BANK Loans**** | % Families* ** | % BANK Loans** | Overa ll | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 113 | 88.98 | 16.15 | 6.42 | 19.14 | 11.01 | 27.52 | 36.70 | 37.19 | 45.87 | 0.85 | 0.00 | 0.12 | 1.23 | 1.18 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 14 | 11.02 | 18.21 | 0.00 | 18.89 | 23.08 | 24.73 | 23.08 | 38.17 | 53.85 | 0.01 | 0.00 | 0.02 | 0.01 | 0.02 | |

* Based on 2006 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 3.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | Evaluation Period: JANUARY 1, 2005 TO | | | | |
|---|---------------------------------|-----------------------------|---|------------------|--|-------------------------|---------------------------|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| Stearns - St Cloud MSA | 894 | 83.32 | 59.82 | 78.19 | 75.62 | 16.11 | 8.28 | 4.34 | 7.03 |
| Limited Review: | | | | | | | | | |
| Stearns - Mpls MSA | 179 | 16.68 | 66.12 | 51.96 | 60.89 | 17.32 | 21.79 | 0.09 | 0.10 |

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2007).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.33% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2007 | | Geography: STEARNS CRA 2008 | | | | Evaluation Period: JANUARY 1, 2005 TO | | | |
|--|----------------------------|-----------------------------|--|------------------|--|---------------------------------------|---------------------------|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share* | |
| | # | % of Total** | % of Farms*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| Stearns - St Cloud MSA | 514 | 98.66 | 98.31 | 99.03 | 92.41 | 7.59 | 0.00 | 47.04 | 53.43 |
| Limited Review: | | | | | | | | | |
| Stearns - Mpls MSA | 7 | 1.34 | 95.99 | 85.71 | 100.00 | 0.00 | 0.00 | 1.40 | 1.32 |

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2007).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.96% of small loans to farms originated and purchased by the bank.

Table 13. Qualified Investments

| QUALIFIED INVESTMENTS 2007 | | Geography: STEARNS CRA 2008 | | | | Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, | | | |
|-------------------------------|---------------------------|-----------------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Stearns - St Cloud MSA | 0 | 0 | 26 | 2,851 | 26 | 2,851 | 10.12 | 0 | 0 |
| Limited Review: | | | | | | | | | |
| Stearns - Mpls MSA | 6 | 2,265 | 32 | 19,605 | 38 | 21,870 | 77.64 | 0 | 0 |
| Out of AA | 0 | 0 | 2 | 3,447 | 2 | 3,447 | 12.24 | 0 | 0 |

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2005 TO DECEMBER 31, 2007 | | | | | | | | Geography: STEARNS CRA 2008 | | | | Evaluation Period: | | | | | |
|---|--------------------------------|--------------------|--------------------------------|---|------|------|------|-----------------------------|----------------------|---|-----|--------------------|-----|---------------------------------------|-------|-------|-------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | Population | | | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| Stearns - St Cloud MSA | 97.89 | 2 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0.66 | 9.93 | 71.05 | 18.36 |
| Limited Review: | | | | | | | | | | | | | | | | | |
| Stearns - Mpls MSA | 2.11 | 1 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 8.10 | 19.48 | 45.05 | 27.37 |