



## **PUBLIC DISCLOSURE**

May 21, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Stearns Bank National Association  
Charter Number #15576

4191 Second Street South  
St. Cloud MN 56030

Office of the Comptroller of the Currency

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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.

# Table of Contents

**OVERALL CRA RATING ..... 2**

**DEFINITIONS AND COMMON ABBREVIATIONS ..... 3**

**DESCRIPTION OF INSTITUTION ..... 7**

**SCOPE OF THE EVALUATION..... 9**

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW ..... 12**

**STATE RATING ..... 13**

    STATE OF MINNESOTA ..... 13

**STATE RATING ..... 21**

    STATE OF ARIZONA ..... 21

**STATE RATING ..... 26**

    STATE OF FLORIDA ..... 26

**STATE RATING ..... 32**

    STATE OF GEORGIA..... 32

**APPENDIX A: SCOPE OF EXAMINATION ..... A-1**

**APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS..... B-1**

**APPENDIX C: COMMUNITY PROFILES FOR FULL-SCOPE AREAS..... C-1**

**APPENDIX D: TABLES OF PERFORMANCE DATA ..... D-1**

## 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			
Low Satisfactory	X		X
Needs to Improve		X	
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 Stearns’ satisfactory CRA rating include:

- Stearns Bank, National Association (Stearns) overall Lending Test performance is adequate. Stearns demonstrates adequate lending activity, adequate geographic distributions, and adequate borrower income distributions. Stearns had adequate performance in Minnesota and Florida, good performance in Georgia, and excellent performance in Arizona. Stearns’ performance in the state of Minnesota carried the most weight given its significance to the bank in the overall volume of loans and deposits.
- Stearns’ overall performance in the Investment Test is rated Needs to Improve. The bank had poor performance in the states of Minnesota and Arizona, very poor performance in the state of Georgia, and adequate performance in the state of Florida.
- Stearns’ Service Test performance is adequate. In the state of Minnesota, employees demonstrated good participation in organizations that provide community development (CD) services to low- and moderate-income (LMI) people within the respective assessment areas (AA). In Arizona, Florida, and Georgia, Stearns performance was adequate.

## 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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties 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) 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 One 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 is an interstate bank headquartered in St. Cloud, Minnesota. Stearns is the subsidiary of a three-bank holding company known as Stearns Financial Services, Inc. (SFSI), which is also headquartered in St. Cloud, Minnesota. SFSI had total assets of \$2.1 billion as of January 22, 2018. Stearns has five major business lines including a full line of community banking products, nationwide leasing of small to medium commercial equipment, Small Business Association (SBA) section 504 and 7A lending, is a SBA Preferred Lender, engages in affordable housing via Section 42 LITHC financing, and originates construction lending with take-out financing through lending partners.

Stearns has two affiliates through common ownership by SFSI. Both are located in the state of Minnesota and include Stearns Bank Holdingford National Association, headquartered in Holdingford and Stearns Bank Upsala National Association, headquartered in Upsala. This evaluation does not include consideration of these affiliate activities in evaluating Stearns' CRA performance. Stearns does not have any subsidiaries.

From January 1, 2015 to December 31, 2017 (the evaluation period), Stearns sold two branch locations. The two branches, sold on February 24, 2017, were located in Jasper, Georgia in the Atlanta-Sandy Springs-Roswell MSA (Atlanta AA). Since these branches were open during the evaluation period, we incorporated this AA into our analysis for the period of time they were owned by Stearns.

Stearns is a full-service commercial bank. The bank's business focus is commercial lending, offering a variety of commercial loan products including United States Department of Agriculture (USDA) and SBA loans throughout its AAs. The bank has a leasing division which originates commercial leases in all 50 states through small business leasing programs. Stearns also offers agriculture and consumer loans, as well as a variety of business and consumer products and services. In 2016, management made a decision to refer all inquiries and applicants for home purchase or refinance loans to Town and Country Bank. Stearns' instituted this change to focus on specialty lending such as nationwide leasing of ticket equipment, SBA section 504 and 7a, as well as affordable housing via Section 42 and Low-Income Housing Tax Credits (LIHTCs).

Stearns had ten full service locations in Minnesota, Florida, Arizona, and Georgia during the evaluation period. Two offices are located in the state of Minnesota in the St. Cloud, MN MSA (St. Cloud AA), one is located in the Non-MSA portion of Minnesota (MN Non-MSA AA), one is located in Minnesota in the Minneapolis-St. Paul-Bloomington MSA (Minneapolis AA), one is located in the state of Arizona in the Phoenix-Mesa-Scottsdale MSA (Phoenix AA), two are located in the state of Florida in the North Port-Sarasota-Bradenton MSA (Sarasota AA), one in the Tampa-St. Petersburg-Clearwater MSA (Tampa AA), and the final two offices are located in the state of Georgia in the Atlanta-Sandy Springs-Roswell MSA (Atlanta AA).

Stearns had \$1.89 billion in assets as of March 31, 2018, with net loans and leases representing 93 percent of those assets. The loan portfolio is comprised of approximately 97 percent commercial, 1.6 percent residential mortgage, less than one percent consumer loans, and less than one percent agriculture loans. The tier 1 capital ratio totaled 19.83 as of March 31, 2018.

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

Stearns was rated "Satisfactory" at the last CRA examination dated May 11, 2015.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

#### Lending Test

The Lending Test, including CD lending, was completed using two separate analysis periods due to changes in census data. Small business, small farm, and residential mortgage loans originated in 2015-2016 were compared to demographic data based on 2010 census information. We analyzed 2017 loans separately given changes in AA demographic data. The U.S. Census Bureau released updated demographic data from the 2015 American Community Survey (ACS) effective January 1, 2017. CD loans were evaluated from January 1, 2015 through December 31, 2017. The evaluation period for the Lending and CD tests included a review of the St. Cloud AA, MN Non-MSA AA, and the Minneapolis AA in Minnesota, along with the Phoenix AA in Arizona, the Sarasota AA and Tampa AAs in Florida, and the Atlanta AA in Georgia.

To perform our analysis, we used home mortgage loan information and small business and small farm loan data collected and reported by Stearns. Small loans to businesses represented the largest portion of lending activity overall during the evaluation period with 1,224 loans originated or purchased in the amount of \$133 million. These account for 68 percent by number and 70 percent by dollar volume of the loans evaluated. Home mortgage loans during the same timeframe accounted for 213 loans originated or purchased, totaling \$33 million. Small loans to farms during the evaluation period accounted for 361 loans originated or purchased and totaled nearly \$25 million.

Small loans to businesses were also the predominant loan product in Minnesota, Arizona, and Florida. Georgia's predominant product was home mortgage loans. As a result, performance of these loan types received the most weight in these areas.

In some instances, there were very few loans of a certain loan type originated or purchased in an AA. When there were fewer than five loans of a certain type, no analysis was performed. Performance for that loan type would not have been meaningful in the bank's overall performance.

In our analysis of geographic distribution, we reviewed the distribution of loans within the LMI areas in the bank's AAs. We then assessed whether there were any unexplained gaps in lending in any geographic areas within the AAs.

In our analysis of borrower distribution, we considered the level of poverty in each AA and the impact it could have on the ability of LMI families to obtain loans. Similarly, we considered housing costs relative to area incomes and the limiting affects those costs could have on the demand for loans by lower-income families. Refer to *Appendix C: Market Profiles* for poverty levels and housing costs for each full-scope AA.

For analysis purposes, we placed more weight on the lending activity from 2015 through 2016 as this time period represented more loan originations and purchases overall.

### Investment Test

The evaluation period for the Investment Test was January 1, 2015, through December 31, 2017. We gave additional consideration to the responsiveness of donations and investments to identified CD needs. We also considered investments made during prior evaluation periods that remain outstanding, although they received less consideration in this evaluation.

### Service Test

The evaluation period for the Service Test was January 1, 2015, through December 31, 2017. We primarily considered Stearns' range of products and services offered by the branches as well as the location of branches and deposit taking ATMs. We also considered the CD services Stearns provides in its AAs.

### **Data Integrity**

Prior to starting this CRA evaluation, we reviewed the accuracy of Stearns' HMDA and small business loan data. We found the data to be reliable and it was used for this evaluation. We verified the data by testing a sample of 120 loans. Testing consisted of reviewing each data field on Stearns HMDA-Loan Application Register (LAR) and comparing its reported accuracy to the actual contents in the loan file. We found four errors in the HMDA sample and two errors in the small business loan data, however this evaluation was based on accurate data and those errors did not affect this evaluation.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, a sample of AAs within that state metropolitan area was selected for full-scope reviews. Refer to the "Scope" section under each state for details regarding how the areas were selected.

### **Ratings**

The bank's overall rating is a blend of the state ratings. We placed the greatest weight on those AAs which derived the greatest volume of deposits and loans. For purposes of this evaluation, we placed the greatest weight on the state of Minnesota followed by the state of Arizona.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State section for details regarding how the areas were weighted in arriving at the respective ratings.

### **Inside/Outside Ratio**

Stearns' ratio of lending inside its AAs is adequate. This analysis was performed at the bank level as opposed to at the AA level. The information used in this evaluation included bank originations and purchases only and does not include extensions of credit by affiliates. At the bank level, across all states, and considering all products, Stearns originated or purchased only two percent of loans inside its AAs. Stearns' national product lines inclusive of national leasing of equipment and SBA loans skewed this low volume. Excluding these nationwide products, Stearns' originated or purchased 35 percent of all loan types within Stearns' AAs.

The analysis was performed by reviewing all loans originated on Stearns' HMDA-LAR from the January 1, 2015 through December 31, 2017.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Minnesota

#### **CRA Rating for Minnesota<sup>1</sup>: Low Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Needs to Improve**

**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- Low Satisfactory performance under the Lending Test is based on an adequate responsiveness to credit needs.
- Needs to Improve performance under the Investment Test is based on a poor level of qualified CD investments given the bank's resources and capacity.
- High Satisfactory performance under the Service Test is demonstrated by the good dispersion of branches and accessibility to products and services.

### Description of Institution's Operations in Minnesota

The three AAs in Minnesota are the St. Cloud AA, which includes Benton and Stearns Counties, the MN Non-MSA AA, which is comprised of Kanabec and Pine Counties, and the Minneapolis AA which includes the counties of Chisago, Isanti, and Sherburne.

According to the June 30, 2017 FDIC Summary of Deposit Market report, within the State of Minnesota, Stearns has the largest deposit market share in the seven-county area that comprises their AAs. Stearns market share is 18 percent compared to the closest competitors of Wells Fargo and Bremer at nine percent and eight percent respectively. This ranking is based on 52 institutions with a presence in the AAs. Stearns' Minnesota operations accounts for 86percent of Stearns' total deposits as of June 30, 2017. Stearns has the greatest presence in the St. Cloud AA. The deposit market share reports show Stearns has \$1,238 million in deposits, or a market share of 24 percent in the St. Cloud AA, ranking first out of 32 institutions. In the Minneapolis AA, Stearns has \$24 million in deposits and ranks 18<sup>th</sup> in market share of the 24 financial institutions with a presence in that AA. In the MN Non-MSA AA area, Stearns has seven percent in deposits and ranks fifth in the market share of eight financial institutions with a presence in that AA.

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<sup>1</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Based on 2010 census information, the St. Cloud MSA AA was comprised of 38 CTs, with no lower-income CTs and 16 percent moderate-income CTs. Based on 2015 census information, the St. Cloud AA was comprised of 38 CTs, with no low-income CTs and 11 percent moderate-income CTs.

Stearns closed two ATMs in the St. Cloud AA due to low transaction volume during the evaluation period. One was located at the River's Edge Convention Center in August 2017, which was an upper-income CT. The other ATM was closed in December of 2015 and was located at St. Cloud Aviation, a middle-income CT. Stearns has four ATMs that are not located at a bank branch; two in Clearwater, one in St. Cloud, and one in Albany.

Based on 2010 census information, the Minneapolis AA was comprised of 29 CTs, with no lower-income CTs and ten percent moderate-income CTs. Based on 2015 decennial information, the Minneapolis AA was comprised of 29 CTs, with no low-income CTs and 14 percent moderate-income CTs.

Based on 2010 census information, the MN Non-MSA AA was comprised of 12 CT, with no lower-income CTs and eight percent moderate-income CTs. Based on 2015 decennial information, the MN Non-MSA AA was comprised of 12 CTs, with no low-income CTs, 33 percent moderate-income CTs.

Refer to the Market Profile in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## **Scope of Evaluation in Minnesota**

We selected Stearns' St. Cloud AA for a full-scope review as it represents the area in which Stearns has the largest portion of deposits and loans in the state of Minnesota. This AA includes the entire St. Cloud MSA. Given the significance of the St. Cloud AA to Stearns in terms of deposit and loan volume, this AA carried the most weight in assigning the ratings for the state of Minnesota and the overall ratings for the bank. We performed limited-scope reviews for the Minneapolis AA and the MN Non-MSA AAs. Refer to Appendix A: Scope of Examination for more information.

Because Stearns originated a minimal number of multifamily loans in Minnesota, an analysis was not conducted as the data was not meaningful. However, the numbers are included on Table 5 in Appendix D: Tables of Performance Data.

We considered information from three community organizations for this evaluation that were located in the St. Cloud AA. These organizations were focused on affordable housing and small business lending. Information obtained is included in the Market Profile section in Appendix C.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ST. CLOUD AA**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Minnesota is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the St. Cloud AA is adequate.

#### **Lending Activity**

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share of 22.23 percent in 2015-2016 and 24.21 percent in 2017. During the 2015-2016 analysis period, Stearns originated and purchased 172 small loans to businesses in the St. Cloud AA totaling \$23 million, and ranked seventh out of 28 lenders. This equated to a market share of 3.11 percent. During the 2017 analysis period, Stearns originated and purchased 93 small loans to businesses for \$13 million. At the time of this review, the 2017 data for peer review was not available, so all 2017 small business data was compared to 2016 peer data.

For mortgage loans during the 2015-2016 analysis period, Stearns ranked 98<sup>th</sup> with a market share of 0.10 percent out of 261 lenders reporting HMDA data. This represents 63 reportable home mortgage loans at \$10 million. For mortgage loans during the 2017 analysis period, Stearns ranked 85<sup>th</sup> with a market share of 0.15 percent out of 249 lenders reporting HMDA data. This represents nine reportable home mortgage loans at \$1.4 million.

For small farm loans originated and purchased during the 2015-2016 analysis period, Stearns had a market share of 35.71 percent with 136 loans totaling \$7.6 million. Stearns ranked first out of 15 lenders in the AA reporting small farm data. For small farm loans originated and purchased during the 2017 analysis period, Stearns originated and purchased 57 loans totaling \$3 million.

Refer to Table 1 Lending Volume in the state of Minnesota section of *Appendix D* for the facts and data used to evaluate the bank's lending activity.

#### **Distribution of Loans by Income Level of the Geography**

##### ***Home Mortgage Loans***

The geographic distribution of Stearns' home mortgage loans reflects adequate distribution throughout the St. Cloud AA. The geographic distribution of home loans, including home purchase and refinance loans, reflects adequate distribution throughout the St. Cloud AA. Stearns lending in LMI CTs is below the percentage of owner-occupied units in the AA.

Home improvement loans and multi-family loans were not evaluated in the St. Cloud AA as there were minimal loans originated or purchased. A geographical analysis of these loan types would not be meaningful.

Refer to Tables 2, 3, 4, and 5 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### ***Small Loans to Businesses***

Stearns' geographic distribution of small loans to businesses reflects poor distribution throughout the St. Cloud AA. Stearns lending in LMI CTs is well below the percentage of businesses in these areas. In addition, the bank's performance is well below the peer aggregate lending performance for LMI CTs.

Refer to Table 6 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

### ***Small Loans to Farms***

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

In 2015-2016 and in 2017, the percentage of small loans to farms in moderate-income geographies was significantly below the percentage of farms located in those geographies. In addition, Stearns' performance is significantly below the aggregate lending performance for the moderate-income CTs.

Refer to Table 7 in the state of Minnesota section of *Appendix D* for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in LMI areas. We did not identify any unexplained conspicuous gaps in the St. Cloud AA.

### ***Inside/Outside Ratio***

The inside/outside ratio analysis was performed at the bank level as opposed to the AA level. The findings from the analysis factored into the overall analysis of the geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Borrower distribution of mortgage loans reflects adequate penetration to individuals of different income levels throughout the St. Cloud AA. In 2015-2016, Stearns' distribution of home loans was good as it was near the percentage of LMI families in the AA. In 2017, Stearns distribution of home loans was well below the percentage of LMI families in the AA.

The borrower distribution of home improvement loans in 2015-2016 and 2017, along with home refinance loans in 2017, were not evaluated in the St. Cloud AA as there were minimal loans originated or purchased and an analysis would not be meaningful.

Refer to Tables 8, 9 and 10 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses reflects poor distribution to businesses of different sizes in the St. Cloud AA. The percentage of small loans to businesses (those with revenues of \$1 million or less) was well below the percentage of small businesses in the AA and performed equally with peer bank data.

Refer to Table 11 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

### ***Small Loans to Farms***

Borrower distribution in the St. Cloud AA reflects good penetration among farms of different sizes. In the St. Cloud AA, the percentage of small loans to farms (those with revenues of \$1 million or less), was below the percentage of farms in the AA with these revenues in 2015-2016. In 2017, Stearns percentage of small loans to farms exceeded the percentage of farms in the AA. In 2015-2016 and 2017, Stearns' performance was superior to its peers.

Refer to Table 12 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

## **Community Development Lending**

CD lending had a neutral impact on the lending performance in the St. Cloud AA. Stearns originated five CD loans in the St. Cloud AA during the evaluation period totaling \$10.5 million. This equates to 4.52 percent of allocated Tier 1 Capital. Allocated Tier 1 Capital is the percentage of deposits in an AA multiplied by the banks' Tier 1 Capital. An example of a CD loan originated during the evaluation period was a loan to create new retail space in a moderate-income CT.

Refer to Table 1 Lending Volume in the state of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

### **Product Innovation and Flexibility**

Stearns did not have any loan products that are considered innovative or flexible.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the MN Non-MSA AA is consistent with the bank's overall "Low Satisfactory" performance under the lending test in Minnesota. In the Minneapolis AA, the bank's performance is stronger than the bank's overall performance in the state. The Minneapolis AA's performance is stronger than the overall rating in the state due to the excellent performance in the geographic and borrower distributions tests in 2015-2016 for mortgage and small business loans. Refer to Tables 1 through 13 in the state of Minnesota section of Appendix D 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 in Minnesota is rated "Needs to Improve". Based on full-scope reviews, the bank's performance in the St. Cloud AA is poor.

The volume of qualified investments originated by Stearns in the St. Cloud AA is poor. The bank made 38 investments totaling \$1.2 million during the evaluation period. In 2015-2016, Stearns made 17 CD donations totaling \$461 thousand. In 2017, Stearns made 15 donations totaling \$347 thousand. The majority of the donations were for purposes of community services for LMI persons. As an example, the bank donated \$300 thousand dollars to community food shelves. Stearns also had six CRA qualifying mortgage backed securities totaling \$367 thousand that were still outstanding as of the start date of this evaluation. All investments during the evaluation period equated to 0.50 percent of allocated Tier 1 Capital. We did not identify any investments that were innovative or complex.

Refer to Table 14 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test, in the MN Non-MSA, is inconsistent with the bank's overall "Needs to Improve" performance under the investment test in Minnesota. In the MN Non-MSA, the bank's performance is weaker than the bank's overall performance in the state. In the Minneapolis AA, the bank's performance is stronger than the bank's overall performance in the state. The primary reason for the MN Non-

MSA rating is due to the CD opportunities in the area, such as affordable housing, yet the bank only donated 0.15 percent of the allocated Tier 1 Capital to the MN Non-MSA AA. The primary reason for the Minneapolis AA rating is because the bank provided 4.9 percent of the allocated Tier 1 Capital to the Minneapolis AA. The rating in Minnesota was adversely impacted by performance in the MN Non-MSA AA and positively impacted by the performance in the Minneapolis AA.

Refer to the Table 14 in the state of Minnesota section of Appendix D 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 in Minnesota is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the St. Cloud AA is good.

### **Retail Banking Services**

The dispersion of branches and accessibility to products and services is good. Stearns' delivery systems are accessible to essentially all geographies and individuals of different income levels. The St. Cloud AA offers extended drive-up hours Monday through Saturday. Services do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. These services enhance the accessibility of the branches.

Stearns operates two branches in the St. Cloud AA, which represents 50 percent of its branches in Minnesota. One branch is located in a middle-income CT, while the other is located in a moderate-income CT. The moderate-income CT tract, at 50 percent of the bank's branches in the St. Cloud AA, exceeds the moderate-income geography of 17 percent in 2015-2016 and 13 percent in 2017.

Stearns has four ATMs in the St. Cloud AA with two located in a moderate-income CT. This helps to serve the population residing in those areas.

Stearns' record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI individuals and geographies. The bank did not open or close any branches in the St. Cloud AA during the evaluation period.

Stearns offers a variety of alternative delivery systems including online banking, mobile banking, and telephone banking.

Refer to Table 15 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

## **Community Development Services**

The bank's level of CD services is poor. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns' employees provided a poor level of CD services in the St. Cloud AA. Stearns employees worked with two community development organizations. In one of the organizations, an employee served in a leadership capacity as a board member. The two organizations served provide affordable housing for LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the MN Non-MSA AA and the Minneapolis AA is not inconsistent with the bank's overall High Satisfactory performance under the service test in Minnesota. Refer to Table 15 in the state of Minnesota section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Arizona

#### **CRA Rating for Arizona<sup>2</sup>: Low Satisfactory**

**The lending test is rated: Outstanding**

**The investment test is rated: Needs to Improve**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- Outstanding performance under the Lending Test is based on good responsiveness to credit needs and the very positive CD lending in this AA.
- Needs to Improve performance under the Investment Test in the state of Arizona is due to the poor level of qualified CD investments given the bank's resources and capacity.
- Low Satisfactory performance under the Service Test for the state of Arizona is demonstrated by the adequate dispersion of branches.

### Description of Institution's Operations in Arizona

Stearns Phoenix AA is made up of all of Maricopa County. Stearns' Arizona operations account for six percent of Stearns' total deposits as of June 30, 2017.

As detailed further below, we selected the Phoenix AA for a full-scope review. Based on the 2010 census information, the AA was comprised of 916 CTs including nine percent low-income CTs and 24 percent moderate-income CTs. Based on 2015 decennial information, the AA was comprised of 916 CTs; 11 percent low-income and 22 percent moderate-income.

Stearns has one branch in the Phoenix AA, which is located in a middle-income CT and holds \$95 million in deposits. According to the June 30, 2017 FDIC Summary of Deposit Market report, Stearns has the 44<sup>th</sup> largest deposit market share in the Phoenix AA out of the 59 institutions with a presence in the AA. The bank's primary competitors are JPMorgan Chase, Wells Fargo, and Bank of America, which collectively hold 69 percent of the market share, compared to Stearns 0.10 percent.

Stearns closed one ATM, located at the branch, in May of 2016 due to low transaction volume.

Refer to the Market Profile in Appendix C for the Phoenix AA for detailed demographics and other performance context information for AAs that received full-scope reviews.

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## **Scope of Evaluation in Arizona**

Stearns has one AA in Arizona which includes all of Maricopa County. As detailed further below, we selected the Phoenix AA for a full-scope review as it is the only area in the state where Stearns has loans and deposits.

Stearns did not originate sufficient home mortgage or small loans to farms during the evaluation period. Because of the low volumes of originations and purchases, an analysis was not conducted as the data was not meaningful.

We considered information from two community organizations for this evaluation, which focused on small business lending and affordable housing.

Refer to the Market Profile in Appendix C for the Phoenix AA for detailed demographics and other performance context information for AAs that received full-scope reviews.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PHOENIX AA**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Arizona is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Phoenix AA is excellent.

#### **Lending Activity**

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. In 2015-2016, Stearns originated and purchased 328 small loans to businesses in the Phoenix AA totaling \$36 million. The bank ranked 21st with a small business market share of 0.10 percent out of 199 lenders. In 2017, Stearns originated and purchased 157 small loans to businesses in the Phoenix AA totaling \$21 million.

In 2015-2016, Stearns originated and purchased three mortgage loans in the Phoenix AA totaling \$761 thousand. The bank did not rank out of the 820 lenders reporting HMDA data in the AA. In 2017, Stearns originated and purchased two mortgage loans in the Phoenix AA totaling \$210 million.

Stearns did not originate or purchase any small loans to farms in the Phoenix AA during the evaluation period.

Refer to Table 1 Lending Volume in the state of Arizona section of Appendix D for the facts and data used to evaluate the bank's lending activity.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

The geographic distribution of home loans, including home purchase, home improvement, home refinance and multifamily loans, were not evaluated in the Phoenix AA as there were minimal loans originated or purchased. A geographical analysis of these loan types would not be meaningful.

Refer to Tables 2, 3, 4, and 5 in the state of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### ***Small Loans to Businesses***

Stearns' geographic distribution of small loans to businesses reflects excellent distribution throughout the Phoenix AA. Stearns lending in LMI CTs exceeds the percentage of businesses in these areas. In addition, the bank's performance exceeds the peer aggregate lending performance for LMI CTs.

Refer to Table 6 in the state of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in LMI areas. We did not identify any unexplained conspicuous gaps in the Phoenix AA.

### ***Inside/Outside Ratio***

The inside/outside ratio analysis was performed at the bank level as opposed to the AA level. The findings from the analysis factored into the overall analysis of the geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

The borrower distribution of home mortgage loans during the evaluation period<sup>7</sup>, were not evaluated in the Phoenix AA as there were minimal loans originated or purchased and an analysis would not be meaningful.

Refer to Tables 8, 9 and 10 in the state of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses reflects poor distribution to businesses of different sizes in the Phoenix AA. The percentage of loans to small businesses (those with revenues of \$1 million or less) was well below the percentage of small businesses in the AA. Stearns performed equally with peer bank data.

Refer to Table 11 in the state of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

### **Community Development Lending**

CD lending had a positive impact on the lending performance in the Phoenix AA. Stearns originated 26 CD loans during the evaluation period totaling \$51.9 million. As an example, the bank originated a loan in a low-income CT to renovate a multi-tenant retail center.

Refer to Table 1 Lending Volume in the state of Arizona section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

### **Product Innovation and Flexibility**

Stearns did not have any loan products that are considered innovative or flexible.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Arizona is rated "Needs to Improve". Based on full-scope reviews, the bank's performance in the Phoenix AA is poor.

The volume of qualified investments originated by Stearns in the Phoenix AA is poor. The bank made six investments totaling \$190 thousand, which consisted of charitable donations. The largest donation was for \$100 thousand to assist LMI individuals to attend private schools. These donations equate to 0.95 percent of allocated Tier 1 capital.

Refer to Table 14 in the state of Arizona section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Arizona is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Phoenix AA is adequate.

#### **Retail Banking Services**

The dispersion of the branch and accessibility to products and services is adequate. Stearns' delivery systems are reasonably accessible to essentially all individuals and geographies of different income levels within the Phoenix AA.

Stearns operates one branch in the Phoenix AA. In 2015-2016, this branch was located in a moderate-income CT. In 2017, the CT designation changed to a middle-income CT.

Alternative delivery systems for Stearns do not vary in a way that inconveniences LMI individuals in the AA. Stearns offers lobby and drive-up hours Monday through Friday, but does not offer drive-up or lobby hours on Saturday's. While there are no proprietary ATMs in the AA, Stearns' website notes access to 50 ATMs for their Phoenix AA customer-base. Stearns also offer 24/7 telephone banking, online banking, and mobile banking.

Stearns' record of opening and closing branches does not adversely affect the accessibility of its delivery systems, particularly to LMI geographies or to LMI individuals. The bank did not open or close any branches in the Phoenix AA in 2015, 2016 or 2017.

Refer to Table 15 in the state of Arizona section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### **Community Development Services**

The bank's level of CD services is poor. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns' employees did not provide any CD services during the evaluation period to any CD organization in the Phoenix AA.

## State Rating

### State of Florida

**CRA Rating for Florida<sup>3</sup>: Low Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- Low Satisfactory performance under the Lending Test is based on an adequate responsiveness to credit needs.
- Low Satisfactory performance under the Investment Test is due to the adequate level of qualified CD investments given the bank's resources and capacity.
- Low Satisfactory performance under the Service Test is demonstrated by the adequate dispersion of branches and accessibility to products and services combined with the adequate level of CD services.

### Description of Institution's Operations in Florida

Stearns has two AAs in Florida. The Tampa AA includes all of Pinellas County and the Sarasota AA includes all of Sarasota County.

Based on 2010 census information, the Tampa AA was comprised of 245 CTs including two percent low-income CTs and 21 percent moderate-income CTs. Based on the 2015 decennial data, the AA was comprised of 245 CTs with four percent low-income and 18 percent moderate-income.

In the Tampa AA, Stearns has one branch with \$25 million in deposits. According to the June 30, 2017 FDIC Summary of Deposit Market report, Stearns ranks 34<sup>th</sup> in the deposit market share among 36 institutions with a presence in that AA. The bank's primary competitors are Raymond James Bank, National Association and Bank of America, National Association, which together hold 53 percent of the market share.

Based on 2010 census information, the Sarasota AA was comprised of 94 CTs including one percent low-income CTs and 22 percent moderate-income CTs. Based on the 2015 decennial data, the AA was comprised of 95 CTs with one percent low-income and 21 percent moderate-income.

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Stearns has two branches in the Sarasota AA with \$86 million in deposits. According to the June 30, 2017 FDIC Summary of Deposit Market report, Stearns ranks 25<sup>th</sup> in deposit market share in the Sarasota AA with 38 institutions with a presence in that AA. The bank's primary competitors are Bank of America, Wells Fargo, and SunTrust, which together hold 46 percent of the market share, where Stearns holds 0.62 percent.

Refer to the **Community Profiles** for the state of Florida in Appendix C for detailed demographics and other performance context information for AAs that received a full-scope review.

## **Scope of Evaluation in Florida**

We selected the Tampa AA for a full-scope review due to the length of time since that AA has been selected for a full-scope review. The Tampa AA carried the most weight in assigning the ratings for this state. We performed a limited-scope review of the Sarasota AA. Ratings are based primarily on results of those areas that received full-scope reviews. Please refer to Appendix A: Scope of Examination for more information.

Because Stearns did not originate any home mortgage or small farm loans in Florida, an analysis was not conducted. However, the numbers are included in Appendix D for both analysis periods.

We considered information from one community organization for this evaluation, which focused on small business lending and affordable housing. Information obtained is included in the Market Profile section in Appendix C.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE TAMPA AA**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Florida is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Tampa AA is adequate.

#### **Lending Activity**

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share.

During the 2015-2016 analysis period, Stearns originated and purchased 93 small loans to businesses in the Tampa AA totaling \$9 million. The bank's market share was 0.04 percent, and they ranked 31 out of 124 lenders reporting in the AA. This is good as the banks deposit market share is 0.07 percent. In 2017, Stearns originated and purchased 74 small loans to businesses totaling \$4 million.

For mortgage loans, in 2015-2016, Stearns originated and purchased four loans totaling \$700 thousand and did not rank out of the 715 lenders reporting HMDA data in the AA. In 2017, Stearns did not originate or purchase any home mortgage loans.

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's lending activity.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

The geographic distribution of home loans, including home purchase, home improvement, home refinance and multifamily loans, were not evaluated in the Tampa AA as there were minimal loans originated or purchased. A geographical analysis of these loan types would not be meaningful.

Refer to Tables 2, 3, 4, and 5 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### ***Small Loans to Businesses***

Stearns' geographic distribution of small loans to businesses reflects good distribution throughout the Tampa AA. Stearns lending in low-income CTs exceeded the percentage of businesses in these areas. In addition, the bank's performance exceeded the aggregate lending performance for low-income CTs. In moderate-income CTs, Stearns lending was near the percentage of businesses in these areas and near the aggregate lending performance.

Refer to Table 6 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in LMI areas. We did not identify any unexplained conspicuous gaps in the Tampa AA.

### ***Inside/Outside Ratio***

The inside/outside ratio analysis was performed at the bank level as opposed to the AA level. The findings from the analysis factored into the overall analysis of the geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

The borrower distribution of home mortgage loans during the evaluation period<sup>7</sup>, were not evaluated in the Tampa AA as there were minimal loans originated or purchased and an analysis would not be meaningful.

Refer to Tables 8, 9 and 10 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses reflects very poor distribution to businesses of different sizes in the Tampa AA. The percentage of loans to small businesses (those with revenues of \$1 million or less) was well below the percentage of small businesses in the AA and was below peer bank data.

Refer to Table 11 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending had a neutral impact on the lending performance in the Tampa AA. Stearns did not originate any CD loans during the evaluation period.

## **Product Innovation and Flexibility**

Stearns created a loan product for hurricane victims comprised of no interest, fee free loans. This product was created during the evaluation period and was available for existing customers with businesses in federally designated disaster areas. This product will remain available for future hurricane victims.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Sarasota AA is inconsistent with the bank's overall "Low Satisfactory" performance under the lending test in Florida. In the Sarasota AA the bank's performance is weaker than the bank's overall performance in the state. The main reason for the weaker performance is due to the poor

lending of small loans to businesses. Refer to the Tables 1 through 13 in the state of Florida section of Appendix D 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 in Florida is "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Tampa AA is adequate.

The volume of qualified investments originated by Stearns in the Tampa AA is adequate. The bank made 13 investments totaling \$176 thousand, which consisted of all charitable donations. The majority of the donations were made through the Red Cross to help hurricane victims. These donations equate to 2.81 percent of Tier 1 Capital.

Refer to Table 14 in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Sarasota AA is inconsistent with the bank's overall "Low Satisfactory" performance under the investment test in Florida. In the Sarasota AA the bank's performance is weaker than the bank's overall performance in the state. The primary reason for the Sarasota AA rating is because of the CD opportunities in the area, such as affordable housing and financial education, yet the bank only donated 1.19 percent of the allocated Tier 1 Capital to the Sarasota AA.

Refer to the Table 14 in the state of Florida section of Appendix D 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 in Florida is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Tampa AA is adequate.

### **Retail Banking Services**

The dispersion of branches and accessibility to products and services is adequate. Stearns' delivery systems are reasonably accessible to essentially all portions of the Tampa AA.

Stearns operates one branch in the Tampa AA, representing 33.33 percent of Stearns' branches in the state of Florida. In 2015-2016, this branch was located in a middle-income CT. In 2017, the CT designation changed to a moderate-income CT.

Stearns offers lobby and drive-up hours Monday through Friday, but does not offer drive-up or lobby hours on Saturday's. Stearns has one ATM in the Tampa AA, which was also located in a middle-income CT in 2015-2016, and moderate-income CT in 2017. Services do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals.

Stearns offers a variety of alternative delivery systems including online banking, mobile banking, and telephone banking. These services enhance branch accessibility to populations living in the Tampa AA.

Stearns' record of opening and closing branches does not adversely affect the accessibility of its delivery systems, particularly to LMI geographies and individuals. The bank did not open or close any branches in the Tampa AA in 2015, 2016 or 2017.

Refer to Table 15 in the state of Florida section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### **Community Development Services**

The bank's level of CD services is very poor. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns' employees did not provide any CD services to any CD organization in the Tampa AA during the evaluation period.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Sarasota AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the service test in Florida. Refer to Table 15 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

# State Rating

## State of Georgia

**CRA Rating for Georgia<sup>4</sup>: Low Satisfactory**

**The lending test is rated: High Satisfactory**

**The investment test is rated: Substantial Non-compliance**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- High satisfactory performance under the Lending Test is based on good responsiveness to credit needs.
- Substantial non-compliance performance under the Investment Test is due to the very poor level of qualified CD investments given the bank's resources and capacity.
- Low satisfactory performance under the Service Test is demonstrated by the adequate dispersion of branches and accessibility to products and services.

## Description of Institution's Operations in Georgia

Stearns had one AA in the Atlanta AA, which included the full county of Pickens. On February 24, 2017, Stearns sold the two Atlanta AA office locations to Entegra Bank, which is a wholly-owned subsidiary of Entegra Financial Corporation. As a result, the Atlanta AA only existed during the 2015-2016 part of the evaluation period.

We selected the Atlanta AA for a full-scope review as this is the only AA in the state of Georgia. Based on 2010 census information, the Atlanta AA was comprised of six CTs with no low-income CTs and 33 percent moderate-income CTs.

Stearns had four ATMs in the state of Georgia during the evaluation period, and Georgia operations accounted for ten percent of Stearns' total deposits as of June 30, 2016. The bank's primary competitor is the Community Bank of Pickens County, which holds 42 percent of the market share compared to 21 percent held by Stearns.

Stearns had two branches in the Atlanta AA with \$150 million in deposits according to the June 30, 2016 FDIC Summary of Deposit Market report. Stearns held the second largest deposit market share (21 percent) in the AA in 2016 out of the seven institutions with a presence in that AA.

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<sup>4</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the **Community Profiles** for the state of Georgia in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## **Scope of Evaluation in Georgia**

We selected Stearns' Atlanta AA for a full-scope review as it is the only AA with deposits and loans in the state of Georgia. This AA included the full county of Pickens county for the 2015-2016 analysis period. Please refer to Appendix A for more information.

Because Stearns originated a minimal number of small loans to farms in the Atlanta AA, an analysis was not conducted as the data was not meaningful. However, the numbers are included in the Tables in Appendix D under the Atlanta AA.

We considered information from one community organization who identified affordable housing as a need in the Atlanta AA. Information obtained is included in the Market Profile section in Appendix C.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ATLANTA AA**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Georgia is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Atlanta AA is good.

#### **Lending Activity**

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share.

During the evaluation period, Stearns originated and purchased 21 small loans to businesses in the Atlanta AA totaling \$1.3 million. The bank ranked ninth out of 43 lenders reporting data in the AA and held two percent of the market. This is very poor as the banks deposit market share in the AA is 21 percent.

For mortgage loans, Stearns ranked 21st out of the 186 lenders reporting HMDA data with a market share of 1.13 percent. This is very poor in relation to the banks deposit market share. Stearns originated and purchased 34 reportable home mortgage loans for \$1.8 million.

For small loans to farms, Stearns originated and purchased two loans totaling \$200 thousand. Stearns had a market share of 33.33 percent and ranked first out of seven lenders in the AA reporting small loans to farms. This is excellent in relation to the banks deposit market share.

Refer to Table 1 Lending Volume in the state of Georgia section of Appendix D for the facts and data used to evaluate the bank's lending activity.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

The geographic distribution of Stearns' home mortgage loans reflects excellent distribution throughout the Atlanta AA.

The geographic distribution of home loans, including home purchase, home improvement, and home refinance loans, reflects excellent distribution throughout the Atlanta AA. Stearns lending in LMI CTs exceeded the percentage of owner-occupied units in the AA.

Multi-family loans were not evaluated in the Atlanta AA as there were minimal loans originated or purchased. A geographical analysis of this loan type would not be meaningful.

Refer to Tables 2, 3, 4, and 5 in the state of Georgia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### ***Small Loans to Businesses***

Stearns' geographic distribution of small loans to businesses reflects excellent distribution throughout the Atlanta AA. Stearns lending in LMI CTs exceeded the percentage of businesses in these areas. In addition, the bank's performance exceeded the aggregate lending performance in LMI CTs.

Refer to Table 6 in the state of Georgia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

### ***Small Loans to Farms***

The geographic distribution of small loans to farms were not evaluated in the Atlanta AA as there were minimal loans originated or purchased. A geographical analysis of this loan type is not meaningful.

Refer to Table 7 in the state of Georgia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

### ***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 Atlanta AA.

### ***Inside/Outside Ratio***

The inside/outside ratio analysis was performed at the bank level as opposed to the AA level. The findings from the analysis factored into the overall analysis of the geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Borrower distribution of mortgage loans reflects good penetration to individuals of different income levels throughout the Atlanta AA. Stearns' distribution of home loans was good as it was near to the percentage of LMI families in the AA.

Refer to Tables 8, 9 and 10 in the state of Georgia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses reflects good distribution to businesses of different sizes in the Atlanta AA. The percentage of loans to small businesses (those with revenues of \$1 million or less) was near the percentage of small businesses in the AA and exceeded peer bank data.

Refer to Table 11 in the state of Georgia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

### ***Small Loans to Farms***

The borrower distribution of small loans to farms was not evaluated in the Atlanta AA as there were minimal loans originated or purchased and analysis would not be meaningful.

Refer to Table 12 in the state of Georgia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

## **Community Development Lending**

CD lending had a neutral impact on the lending performance in the Atlanta AA. Stearns did not originate any CD loans in the Atlanta AA during the evaluation period.

Refer to Table 1 Lending Volume in the state of Georgia section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

## **Product Innovation and Flexibility**

Stearns did not have any loan products that are considered innovative or flexible.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Georgia is rated "Substantial Non-compliance". Based on full-scope reviews, the bank's performance in the Atlanta AA is very poor.

The volume of qualified investments originated by Stearns in the Atlanta AA is very poor. The bank made 11 investments totaling \$20 thousand dollars. The majority of the donations were to Habitat for Humanity which provides affordable housing to low-income individuals. CD needs in the area are high with needs of affordable housing, commercial residential real estate lending, and small business lending. Stearns donated 0.06 percent of allocated Tier 1 Capital to the Atlanta AA.

Refer to Table 14 in the state of Georgia section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Georgia is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Atlanta AA is adequate.

### **Retail Banking Services**

The dispersion of branches and accessibility to products and services is good. Stearns' delivery systems are accessible to essentially all geographies and individuals of different incomes. All Atlanta AA locations offer drive-up hours on Saturdays. Services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals.

Stearns operates two branches in the Atlanta AA. Both branches are located in moderate-income CTs. Stearns also has four ATMs in the Atlanta AA, also all located in moderate-income CTs. This helps to serve the population residing in those areas. The percentage of branches and ATMs in moderate-income tracts (100 percent) exceeds the population residing in moderate-income tracts (35 percent).

Stearns offers a variety of alternative delivery systems including online banking, mobile banking, and telephone banking.

Stearns' record of opening and closing branches does not adversely affect the accessibility of its delivery systems, particularly to LMI geographies and individuals. The bank did not open or close any branches in the Atlanta AA in 2015 or 2016.

Refer to Table 15 in the state of Georgia section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### **Community Development Services**

The bank's level of CD services is very poor. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns' employees did not provide any CD services in 2015 or 2016 to any CD organization in the Atlanta AA.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/2015 to 12/31/2017 Investment and Service Tests and CD Loans: 01/01/2015 to 12/31/2017	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Stearns St. Cloud, MN	Small Loans to Businesses Home Mortgage Loans Small Loans to Farms	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Minnesota St. Cloud MSA #41060	Full-Scope	Stearns and Benton counties
Minneapolis MSA #33460	Limited-Scope	Sherburne, Isanti and Chisago counties
MN Non-MSA	Limited-Scope	Pine and Kanabec counties
Florida Tampa MSA #45300	Full-Scope	Pinellas county
Sarasota MSA #14600	Limited -Scope	Sarasota county
Arizona Phoenix MSA #38060	Full-Scope	Maricopa county
Georgia Atlanta MSA #12060	Full-Scope	Pickens county

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS FOR STEARNS BANK NATIONAL ASSOCIATION				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Stearns Bank National Association	Low Satisfactory	Needs to Improve	Low Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Minnesota	Low Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
Arizona	Outstanding	Needs to Improve	Low Satisfactory	Satisfactory
Florida	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Georgia	High Satisfactory	Substantial Non-Compliance	Low Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

# Appendix C: Community Profiles for Full-Scope Areas

## State of Minnesota

Demographic Information for Full Scope Area: St. Cloud AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	15.79	76.32	7.89	0.00
Population by Geography	189,093	0.00	16.74	74.67	8.60	0.00
Owner-Occupied Housing by Geography	51,701	0.00	12.52	79.97	7.51	0.00
Business by Geography	12,531	0.00	18.10	72.47	9.43	0.00
Farms by Geography	1,374	0.00	12.37	85.88	1.75	0.00
Family Distribution by Income Level	46,838	19.07	17.04	26.14	37.74	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	16,916	0.00	19.53	77.27	3.20	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		64,993 71,400 13%	Median Housing Value Unemployment Rate (2010 US Census)		176,880 3.82%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: St Cloud AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	10.53	76.32	13.16	0.00
Population by Geography	191,816	0.00	12.65	71.66	15.68	0.00
Owner-Occupied Housing by Geography	51,046	0.00	7.85	76.47	15.68	0.00
Business by Geography	12,449	0.00	14.07	69.98	15.95	0.00
Farms by Geography	1,287	0.00	2.33	90.91	6.76	0.00
Family Distribution by Income Level	47,374	20.00	17.49	23.02	39.49	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,759	0.00	15.74	75.13	9.13	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		69,359 70,000 13%	Median Housing Value Unemployment Rate (2015 ACS US Census)		165,394 3.07%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The St. Cloud AA consists of the St. Cloud MSA, which includes the counties of Stearns and Benton. According to the FDIC Deposit Market Share Report, as of June 30, 2017, Stearns Bank had \$1.2 billion in deposits in this AA. Stearns ranks first out of the 32 lenders reporting in the area, and holds 24.21 percent of the market. The major competitor in the AA is Bremer Bank N.A. which holds 11.68 percent of the market. All other lenders hold ten percent or less.

According to the Bureau of Labor Statistics, the average unemployment in 2017 for the St. Cloud MSA was 3.5 percent, the same as the statewide level at the time of 3.5 percent, but below the nationwide rate of 4.4 percent.

Major industries in the St. Cloud MSA include services and retail trade. The largest employers are the CentraCare Health System, St. Cloud State University, and the St. Cloud VA Health Care System.

In order to gather current information on the community and potential lending opportunities in the area, we contacted a community leader. Our contact indicated the community and credit needs in the St. Cloud AA include affordable housing for LMI individuals, loans to small business for technology upgrades, and micro-loans to small businesses.

## State of Arizona

Demographic Information for Full Scope Area: Phoenix AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	916	9.39	23.91	31.99	33.62	1.09
Population by Geography	3,817,117	8.42	24.46	33.25	33.69	0.18
Owner-Occupied Housing by Geography	916,515	3.61	20.72	35.75	39.90	0.02
Business by Geography	313,943	6.51	15.38	29.41	48.12	0.57
Farms by Geography	5,938	5.46	15.54	31.98	46.60	0.42
Family Distribution by Income Level	913,798	20.93	17.44	20.15	41.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	350,618	13.75	36.07	32.18	18.00	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		64,408 62,900 12%	Median Housing Value Unemployment Rate (2010 US Census)		258,903 3.48%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: Phoenix AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	916	11.46	22.49	31.22	33.41	1.42
Population by Geography	4,018,143	11.08	22.91	31.29	34.41	0.31
Owner-Occupied Housing by Geography	875,327	4.55	18.85	34.68	41.90	0.03
Business by Geography	331,732	6.55	16.20	28.22	48.47	0.55
Farms by Geography	6,323	5.77	18.90	29.24	45.71	0.38
Family Distribution by Income Level	945,115	21.77	16.87	19.18	42.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	365,207	18.30	32.46	30.84	18.36	0.04
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		63,686 66,200 14%	Median Housing Value Unemployment Rate (2015 ACS US Census)		203,811 3.79%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Phoenix AA excludes the county of Pinal in the Phoenix-Mesa-Scottsdale MSA. The Phoenix AA only consists of Maricopa County. According to the FDIC Deposit Market Share Report, as of June 30, 2017, Stearns Bank had \$94.8 million of the deposits in this AA. Stearns ranked 44<sup>th</sup> out of the 59 lenders reporting in the area, and holds 0.10 percent of the market. The major competitors in the AA are JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., and Bank of American N.A., which together hold 69 percent of the market. All other lenders in the AA hold ten percent or less of the market share.

According to the Bureau of Labor Statistics, the average unemployment rate in 2017 for the Phoenix AA was 4.2 percent, which was lower than the statewide level at the time of 4.9 percent, and lower than the nationwide rate of 4.4 percent.

Major industries in the Phoenix AA include services, which comprise 49 percent of the industries in the AA. The largest employers are the Banner Health System, Fry's Food Stores, Wells Fargo, and Arizona State University.

In order to gather current information on the community and potential lending opportunities in the area, we contacted two community leaders. The contacts indicated the community and credit needs in the Phoenix AA include affordable housing, micro- business loans, and other small loans to small businesses.

## State of Florida

Demographic Information for Full Scope Area: Tampa AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	245	2.04	21.22	46.53	29.80	0.41
Population by Geography	916,542	1.93	20.57	48.50	28.99	0.00
Owner-Occupied Housing by Geography	285,487	0.93	16.77	49.68	32.62	0.00
Business by Geography	99,265	1.15	17.34	44.79	36.71	0.00
Farms by Geography	1,900	1.53	18.47	51.63	28.37	0.00
Family Distribution by Income Level	229,952	19.23	18.39	20.86	41.53	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	86,503	2.94	29.58	50.23	17.26	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		57,333 59,200 11%	Median Housing Value Unemployment Rate (2010 US Census)		209,870 3.91%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: Tampa AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	245	3.67	18.37	45.71	31.84	0.41
Population by Geography	931,477	3.20	17.38	47.86	31.57	0.00
Owner-Occupied Housing by Geography	260,848	1.66	13.97	47.82	36.55	0.00
Business by Geography	102,949	2.47	15.02	43.84	38.67	0.00
Farms by Geography	2,022	2.92	16.82	47.87	32.39	0.00
Family Distribution by Income Level	221,986	20.32	17.36	19.30	43.02	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	83,630	5.06	24.90	48.40	21.63	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		58,916 59,800 14%	Median Housing Value Unemployment Rate (2015 ACS US Census)		166,008 4.18%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Tampa AA excludes the counties of Hernando, Hillsborough, and Pasco in the Tampa-St. Petersburg-Clearwater MSA. The Tampa AA only consists of Pinellas County. According to the FDIC Deposit Market Share Report, as of June 30, 2017, Stearns Bank had \$24.9 million of the deposits in this AA. Stearns ranked 34<sup>th</sup> out of the 36 lenders reporting in the area, and holds 0.06 percent of the market. The major competitors in the AA are Raymond James N.A. and Bank of American N.A. which together hold 53 percent of the market. All other lenders in the AA hold ten percent or less of the market share.

According to the Bureau of Labor Statistics, the average unemployment rate in 2017 for the Tampa AA was 3.7 percent, which is lower than the statewide level at the time of 4.2 percent, and lower than the nationwide rate of 4.4 percent.

Major industries in the Tampa AA include services which holds 50 percent of the industries in the AA. The largest employers are the Publix Super Markets Inc., BayCare Health System, HCA Holdings, and the MacDill Air Force Base.

In order to gather current information on the community and potential lending opportunities in the area, we contacted a community leader. Our contact indicated the community and credit needs in the Tampa AA include affordable housing for LMI individuals and small loans to small businesses. Our contact indicated that most banks have been active members, with the community banks primarily subscribing to loan participations.

## State of Georgia

Demographic Information for Full Scope Area: Atlanta AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	33.33	50.00	16.67	0.00
Population by Geography	29,431	0.00	35.20	50.90	13.90	0.00
Owner-Occupied Housing by Geography	9,059	0.00	28.91	48.74	22.35	0.00
Business by Geography	2,225	0.00	46.74	37.80	15.46	0.00
Farms by Geography	89	0.00	46.07	40.45	13.48	0.00
Family Distribution by Income Level	8,202	23.07	20.56	21.57	34.81	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,578	0.00	39.83	49.61	10.56	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		67,374 67,200 12%	Median Housing Value Unemployment Rate (2010 US Census)		208,055 4.29%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

The Atlanta AA excludes all counties in the Atlanta-Sandy Springs-Roswell MSA except the county of Pickens. The Atlanta AA only consists of Pickens County. According to the FDIC Deposit Market Share Report, as of June 30, 2016, Stearns Bank had \$150 million of the deposits in this AA. Stearns ranked second out of the seven lenders reporting in the area, and held 21.23 percent of the market. The major competitors in the AA are Community Bank of Pickens County which holds 42.04 percent of the market, and Renasant Bank which holds 13.31 percent of the market. All other lenders in the AA hold ten percent or less of the market share.

According to the Bureau of Labor Statistics, the average unemployment rate in 2016 for the Atlanta AA was 4.9 percent, which was lower than the statewide level at the time of 5.4 percent, but higher than the nationwide rate of 4.4 percent.

The major industry in the Atlanta AA include services which holds 47 percent of the industries in the AA. The largest employers are Delta Airlines Inc., Wal-Mart Stores Inc., The Home Depot Inc., Emory University, and the WellStar Health System Inc.

In order to gather current information on the community and potential lending opportunities in the area, we contacted a community leader. The contact indicated the community and credit needs in the Atlanta AA is affordable housing.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables included in each set:

**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 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

**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. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 households within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. 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 15. 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.

## **Tables of Performance Data**

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**State of Minnesota**

**State of Arizona**

**State of Florida**

**State of Georgia**

**Institution ID: STEARNS BANK NA (10000015576) (Included)**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: STEARNS_2015-2016						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016				
Assessment Area (2016):	% 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)	
<b>Full Review:</b>												
St. Cloud AA	30.34	63	10,266	172	23,284	136	7,564	0	0	371	41,114	0.00
Phoenix AA	27.06	3	761	328	36,444	0	0	0	0	331	37,205	0.00
Tampa AA	7.93	4	697	93	9,187	0	0	2	2,149	97	9,884	0.00
Atlanta AA	4.66	34	1,876	21	1,272	2	203	3	8,916	57	3,351	0.00
<b>Limited Review:</b>												
MN Non-MSA AA	14.15	40	5,292	59	4,922	74	5,393	8	25,695	173	15,607	0.00
Minneapolis AA	10.22	40	7,075	53	5,008	32	3,779	0	0	125	15,862	0.00
Sarasota AA	5.64	7	2,030	62	7,054	0	0	0	0	69	9,084	0.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2016 to December 31, 2016.

\*\*\* Deposit Data as of May 23, 2018. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(Included)

**Table 2a. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: STEARNS_2015-2016		Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016										
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>1</sup>			
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	38	34.86	0.00	0.00	12.52	2.63	79.97	94.74	7.51	2.63	0.00	12.79	78.86	8.34
Phoenix AA	1	0.92	3.61	0.00	20.72	0.00	35.76	0.00	39.91	100.00	2.16	15.74	37.96	44.15
Tampa AA	1	0.92	0.93	0.00	16.77	0.00	49.68	0.00	32.62	100.00	0.73	13.17	50.24	35.86
Atlanta AA	6	5.50	0.00	0.00	28.91	33.33	48.74	33.33	22.35	33.33	0.00	31.54	44.42	24.05
<b>Limited Review:</b>														
MN Non-MSA AA	23	21.10	0.00	0.00	6.97	0.00	93.03	100.00	0.00	0.00	0.00	5.66	94.34	0.00
Minneapolis AA	34	31.19	0.00	0.00	5.97	5.88	91.19	94.12	2.84	0.00	0.00	5.47	91.97	2.55
Sarasota AA	6	5.50	0.45	0.00	17.00	0.00	51.25	33.33	31.31	66.67	0.10	11.75	57.51	30.64

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

(Included)

**Table 3a. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: STEARNS_2015-2016				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>e</sup>			
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	2	6.90	0.00	0.00	12.52	50.00	79.97	50.00	7.51	0.00	0.00	11.30	79.13	9.57
Phoenix AA	0	0.00	3.61	0.00	20.72	0.00	35.76	0.00	39.91	0.00	1.73	12.67	36.18	49.42
Tampa AA	0	0.00	0.93	0.00	16.77	0.00	49.68	0.00	32.62	0.00	0.47	12.84	49.17	37.52
Atlanta AA	21	72.41	0.00	0.00	28.91	52.38	48.74	42.86	22.35	4.76	0.00	31.33	43.37	25.30
<b>Limited Review:</b>														
MN Non-MSA AA	6	20.69	0.00	0.00	6.97	0.00	93.03	100.00	0.00	0.00	0.00	6.33	93.67	0.00
Minneapolis AA	0	0.00	0.00	0.00	5.97	0.00	91.19	0.00	2.84	0.00	0.00	5.32	91.82	2.86
Sarasota AA	0	0.00	0.45	0.00	17.00	0.00	51.25	0.00	31.31	0.00	0.15	17.56	55.21	27.08

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

(Included)

**Table 4a. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STEARNS_2015-2016						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>1</sup>			
	#	% of Total <sup>2</sup>	% Owner Occ Units <sup>3</sup>	% BANK Loans <sup>4</sup>	% Owner Occ Units <sup>3</sup>	% BANK Loans	% Owner Occ Units <sup>3</sup>	% BANK Loans	% Owner Occ Units <sup>3</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	23	44.23	0.00	0.00	12.52	4.35	79.97	91.30	7.51	4.35	0.00	10.52	78.82	10.67
Phoenix AA	2	3.85	3.61	0.00	20.72	0.00	35.76	50.00	39.91	50.00	1.30	11.34	35.94	51.41
Tampa AA	3	5.77	0.93	0.00	16.77	33.33	49.68	33.33	32.62	33.33	0.57	10.71	49.76	38.96
Atlanta AA	7	13.46	0.00	0.00	28.91	28.57	48.74	42.86	22.35	28.57	0.00	29.94	45.74	24.32
<b>Limited Review:</b>														
MN Non-MSA AA	10	19.23	0.00	0.00	6.97	0.00	93.03	100.00	0.00	0.00	0.00	4.69	95.31	0.00
Minneapolis AA	6	11.54	0.00	0.00	5.97	16.67	91.19	83.33	2.84	0.00	0.00	4.32	91.57	4.12
Sarasota AA	1	1.92	0.45	0.00	17.00	0.00	51.25	0.00	31.31	100.00	0.18	9.98	55.25	34.59

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

(Included)

**Table 5a. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: STEARNS_2015-2016						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans**	% MF Units** *	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	0	0.00	0.00	0.00	38.41	0.00	57.06	0.00	4.54	0.00	0.00	30.56	66.67	2.78
Phoenix AA	0	0.00	15.31	0.00	37.05	0.00	28.83	0.00	18.81	0.00	23.15	38.87	28.19	9.79
Tampa AA	0	0.00	1.95	0.00	23.43	0.00	38.77	0.00	35.86	0.00	1.49	20.90	43.28	34.33
Atlanta AA	0	0.00	0.00	0.00	62.66	0.00	37.34	0.00	0.00	0.00	0.00	100.00	0.00	0.00
<b>Limited Review:</b>														
MN Non-MSA AA	1	100.00	0.00	0.00	13.68	0.00	86.32	100.00	0.00	0.00	0.00	16.67	83.33	0.00
Minneapolis AA	0	0.00	0.00	0.00	27.73	0.00	71.43	0.00	0.84	0.00	0.00	10.00	90.00	0.00
Sarasota AA	0	0.00	0.78	0.00	14.20	0.00	31.59	0.00	53.43	0.00	0.00	28.57	42.86	28.57

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 multi family housing units in the area based on 2010 Census information.

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

(Included)

**Table 6a. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: STEARNS_2015-2016		Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016	
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income <sup>1</sup>						
	#	% of Total <sup>2</sup>	% of Businesses <sup>3</sup>	% BANK Loans	% of Businesses* <sup>2</sup>	% BANK Loans	% of Businesses <sup>3</sup>	% BANK Loans	% of Businesses <sup>3</sup>	% BANK Loans	Low	Mod	Mid	Upp			
<b>Full Review:</b>																	
St. Cloud AA	172	21.83	0.00	0.00	18.10	10.47	72.47	82.56	9.43	6.98	0.00	16.56	72.12	11.32			
Phoenix AA	328	41.62	6.51	11.28	15.38	14.02	29.41	30.49	48.12	44.21	6.46	14.22	27.04	52.28			
Tampa AA	93	11.80	1.15	2.15	17.34	15.05	44.79	60.22	36.71	22.58	1.52	17.32	44.74	36.42			
Atlanta AA	21	2.66	0.00	0.00	46.74	71.43	37.80	28.57	15.46	0.00	0.00	38.54	38.09	23.37			
<b>Limited Review:</b>																	
MN Non-MSA AA	59	7.49	0.00	0.00	8.96	0.00	91.04	100.00	0.00	0.00	0.00	6.77	93.23	0.00			
Minneapolis AA	53	6.73	0.00	0.00	5.58	28.30	91.50	71.70	2.93	0.00	0.00	4.46	92.41	3.13			
Sarasota AA	62	7.87	0.53	0.00	20.55	17.74	42.10	53.23	36.82	29.03	0.35	18.60	39.11	41.93			

\* Based on 2016 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 (2016).

(Included)

**Table 7a. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STEARNS_2015-2016						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income'			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	136	55.74	0.00	0.00	12.37	4.41	85.88	95.59	1.75	0.00	0.00	10.66	88.60	0.74
Phoenix AA	0	0.00	5.46	0.00	15.54	0.00	31.98	0.00	46.60	0.00	5.24	10.84	38.46	45.45
Tampa AA	0	0.00	1.53	0.00	18.47	0.00	51.63	0.00	28.37	0.00	4.35	13.04	52.17	30.43
Atlanta AA	2	0.82	0.00	0.00	46.07	100.00	40.45	0.00	13.48	0.00	0.00	50.00	37.50	12.50
<b>Limited Review:</b>														
MN Non-MSA AA	74	30.33	0.00	0.00	9.93	0.00	90.07	100.00	0.00	0.00	0.00	4.67	95.33	0.00
Minneapolis AA	32	13.11	0.00	0.00	3.59	3.13	95.09	96.88	1.33	0.00	0.00	14.17	85.83	0.00
Sarasota AA	0	0.00	0.58	0.00	16.81	0.00	47.97	0.00	34.64	0.00	0.00	13.79	41.38	44.83

\* Based on 2016 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 (2016).

(Included)

**Table 8a. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: STEARNS_2015-2016						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>6</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>5</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	38	34.86	19.07	9.68	17.04	32.26	26.14	29.03	37.74	29.03	12.02	31.14	26.83	30.01
Phoenix AA	1	0.92	20.93	0.00	17.44	0.00	20.15	0.00	41.48	100.00	5.06	18.77	25.49	50.68
Tampa AA	1	0.92	19.23	0.00	18.39	0.00	20.86	0.00	41.53	100.00	3.57	17.47	22.93	56.03
Atlanta AA	6	5.50	23.07	16.67	20.56	16.67	21.57	0.00	34.81	66.67	9.15	25.71	27.13	38.01
<b>Limited Review:</b>														
MN Non-MSA AA	23	21.10	21.25	20.00	22.17	50.00	23.11	10.00	33.47	20.00	9.19	30.04	25.24	35.53
Minneapolis AA	34	31.19	17.94	32.35	21.21	29.41	29.16	23.53	31.70	14.71	13.97	35.75	30.45	19.84
Sarasota AA	6	5.50	18.22	0.00	18.66	20.00	21.32	0.00	41.80	80.00	3.62	17.54	22.09	56.75

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 10.1% of loans originated and purchased by BANK.

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

(Included)

**Table 9a. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: STEARNS_2015-2016						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sub>6</sub>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	2	6.90	19.07	50.00	17.04	50.00	26.14	0.00	37.74	0.00	11.52	21.20	23.04	44.24
Phoenix AA	0	0.00	20.93	0.00	17.44	0.00	20.15	0.00	41.48	0.00	5.26	14.97	22.50	57.26
Tampa AA	0	0.00	19.23	0.00	18.39	0.00	20.86	0.00	41.53	0.00	5.41	16.29	20.65	57.66
Atlanta AA	21	72.41	23.07	47.62	20.56	14.29	21.57	14.29	34.81	23.81	20.99	27.16	14.81	37.04
<b>Limited Review:</b>														
MN Non-MSA AA	6	20.69	21.25	0.00	22.17	50.00	23.11	25.00	33.47	25.00	3.95	15.79	35.53	44.74
Minneapolis AA	0	0.00	17.94	0.00	21.21	0.00	29.16	0.00	31.70	0.00	9.53	25.42	31.14	33.90
Sarasota AA	0	0.00	18.22	0.00	18.66	0.00	21.32	0.00	41.80	0.00	7.40	20.03	25.58	47.00

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.9% of loans originated and purchased by BANK.

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

(Included)

**Table 10a. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: STEARNS_2015-2016				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sub>7</sub>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	23	44.23	19.07	26.32	17.04	10.53	26.14	21.05	37.74	42.11	8.78	19.82	27.26	44.14
Phoenix AA	2	3.85	20.93	0.00	17.44	0.00	20.15	0.00	41.48	0.00	5.35	15.06	23.29	56.30
Tampa AA	3	5.77	19.23	0.00	18.39	0.00	20.86	0.00	41.53	100.00	5.70	15.58	22.69	56.02
Atlanta AA	7	13.46	23.07	16.67	20.56	66.67	21.57	0.00	34.81	16.67	9.02	17.01	31.19	42.78
<b>Limited Review:</b>														
MN Non-MSA AA	10	19.23	21.25	12.50	22.17	12.50	23.11	37.50	33.47	37.50	7.58	24.35	27.94	40.12
Minneapolis AA	6	11.54	17.94	16.67	21.21	66.67	29.16	16.67	31.70	0.00	9.89	25.06	32.57	32.48
Sarasota AA	1	1.92	18.22	0.00	18.66	0.00	21.32	0.00	41.80	100.00	6.63	17.10	23.67	52.59

\* Based on 2016 Peer Mortgage Data -- US and PR

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 17.3% of loans originated and purchased by BANK.

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

(Included)

**Table 11a. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STEARNS_2015-2016					Evaluation Period: JANUARY 1, 2015 TO			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data <sup>1</sup>		
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
St. Cloud AA	172	21.83	81.78	49.42	68.60	15.70	15.70	2,942	1,256	
Phoenix AA	328	41.62	87.30	28.66	69.51	16.77	13.72	122,068	50,165	
Tampa AA	93	11.80	89.25	20.43	77.42	12.90	9.68	28,503	13,708	
Atlanta AA	21	2.66	88.81	80.95	80.95	19.05	0.00	681	347	
<b>Limited Review:</b>										
MN Non-MSA AA	59	7.49	85.64	57.63	79.66	13.56	6.78	512	248	
Minneapolis AA	53	6.73	88.40	66.04	71.70	20.75	7.55	3,147	1,580	
Sarasota AA	62	7.87	90.92	35.48	69.35	19.35	11.29	14,793	7,198	

\* Based on 2016 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 - 2016).

\*\*\*\* 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 43.78% of small loans to businesses originated and purchased by the bank.

(Included)

**Table 12a. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STEARNS_2015-2016			Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
St. Cloud AA	136	55.74	98.25	80.88	84.56	11.03	4.41	272	140
Phoenix AA	0	0.00	93.47	0.00	0.00	0.00	0.00	303	113
Tampa AA	0	0.00	97.16	0.00	0.00	0.00	0.00	23	15
Atlanta AA	2	0.82	95.51	100.00	50.00	50.00	0.00	8	3
<b>Limited Review:</b>									
MN Non-MSA AA	74	30.33	97.68	85.14	75.68	20.27	4.05	107	80
Minneapolis AA	32	13.11	97.34	68.75	62.50	21.88	15.63	120	56
Sarasota AA	0	0.00	97.25	0.00	0.00	0.00	0.00	29	13

\* Based on 2016 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 - 2016).

\*\*\*\* 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 12.70% of small loans to farms originated and purchased by the bank.

(Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: STEARNS_2015-2016				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
St. Cloud AA	6	367	17	461	23	828	72.5	0	0
Phoenix AA	0	0	1	5	1	5	0.44	0	0
Tampa AA	0	0	3	15	3	15	1.31	0	0
Atlanta AA	0	0	11	20	11	20	1.75	0	0
<b>Limited Review:</b>									
MN Non-MSA AA	0	0	4	4	4	4	0.35	0	0
Minneapolis AA	9	212	2	2	11	214	18.74	0	0
Sarasota AA	0	0	8	56	8	56	4.9	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.

(Included)

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2015 TO DECEMBER 31, 2016								Geography: STEARNS_2015-2016				Evaluation Period:					
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
<b>Full Review:</b>																	
St. Cloud AA	94.89	2	50	0.00	50	50	0.00	0	0	0	0	0	0	0.00	16.74	74.67	8.60
Phoenix AA	100	1	100	0.00	100	0.00	0.00	0	0	0	0	0	0	8.42	24.46	33.25	33.69
Tampa AA	24.93	1	33.33	0.00	0.00	100	0.00	0	0	0	0	0	0	1.93	20.57	48.50	28.99
Atlanta AA *	100	2	100	0.00	100	0.00	0.00	0	2	0	-2	0	0	0.00	35.20	50.90	13.90
<b>Limited Review:</b>																	
MN Non-MSA AA	2.94	1	25	0.00	0.00	100	0.00	0	0	0	0	0	0	0.00	10.97	89.03	0.00
Minneapolis AA	2.17	1	25	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	8.03	89.20	2.77
Sarasota AA	75.070 .00	2	66.67	0.00	50	50	0.00	0	0	0	0	0	0	1.01	19.74	50.64	28.60

\*Atlanta AA braches were open during the 2015-2016 analysis period and closed on 2/24/2017.

(Included)

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM																	
Geography: STEARNS_2015-2016																	
Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016																	
Assessment Area:	Deposits % of Total Bank Deposits	Branches						ATMs						Population			
		# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
St. Cloud AA	72.01	2	20	0	50	50	0	4	30.77	0	0	50	0	0.00	16.74	74.67	8.60
Phoenix AA	6.150.00	1	10	0	100	0	0	0	0.00	0	0	0	0	8.42	24.46	33.25	33.69
Tampa AA	1.94	1	10	0	0	100	0	1	7.69	0	0	100	0	1.93	20.57	48.50	28.99
Atlanta AA	10.19	2	20	0	100	0	0	4	30.77	0	100	0	0	0.00	35.20	50.90	13.90
<b>Limited Review:</b>																	
MN Non-MSA AA	2.23	1	10	0	0	100	0	1	7.69	0	0	100	0	0.00	10.97	89.03	0.00
Minneapolis AA	1.650.00	1	10	0	100	0	0	1	7.69	0	100	0	0	0.00	8.03	89.20	2.77
Sarasota AA	5.83	2	20	0	50	50	0	2	15.39	0	50	50	0	1.01	19.74	50.64	28.60

**Institution ID: STEARNS BANK N A (10000015576) (Included)**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: STEARNS BANK 2017						Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017				
Assessment Area (2017):	% 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)	
<b>Full Review:</b>												
St. Cloud AA	27.65	9	1,411	93	13,215	57	3,097	2	1,603	159	17,723	0.00
Phoenix AA	27.65	2	2,628	157	21,464	0	0	18	0	159	24,092	0.00
Tampa AA	12.87	0	0	74	3,532	0	0	0	0	74	3,532	0.00
<b>Limited Scope:</b>												
MN Non-MSA AA	15.30	9	1,090	32	3,977	47	3,912	1	30	88	8,979	0.00
Minneapolis AA	5.91	2	210	19	1,504	13	777	0	0	34	2,491	0.00
Sarasota AA	10.61	0	0	61	2,097	0	0	0	0	61	2,097	0.00

\* Loan Data as of December 31, 2017. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2017 to December 31, 2017.

\*\*\* Deposit Data as of May 24, 2018. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(Included)

**Table 2a. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2017		Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	8	61.54	0.00	0.00	7.85	12.50	76.47	87.50	15.68	0.00	0.00	9.03	73.91	17.06
Phoenix AA	1	7.69	4.55	0.00	18.85	0.00	34.69	0.00	41.91	100.00	4.18	16.37	36.49	42.96
Tampa AA	0	0.00	1.66	0.00	13.97	0.00	47.82	0.00	36.55	0.00	1.47	13.78	48.06	36.70
<b>Limited Scope:</b>														
MN Non-MSA AA	2	15.38	0.00	0.00	31.89	50.00	68.11	50.00	0.00	0.00	0.00	34.86	65.14	0.00
Minneapolis AA	2	15.38	0.00	0.00	10.82	100.00	86.31	0.00	2.87	0.00	0.00	11.84	85.59	2.57
Sarasota AA	0	0.00	0.46	0.00	16.05	0.00	55.86	0.00	27.63	0.00	0.21	13.73	55.09	30.97

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 2015 ACS Census information.

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

(Included)

**Table 3a. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2017			Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO			
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>e</sup>			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	0	0.00	0.00	0.00	7.85	0.00	76.47	0.00	15.68	0.00	0.00	4.90	75.92	19.18
Phoenix AA	0	0.00	4.55	0.00	18.85	0.00	34.69	0.00	41.91	0.00	3.25	14.23	34.05	48.47
Tampa AA	0	0.00	1.66	0.00	13.97	0.00	47.82	0.00	36.55	0.00	1.65	11.91	48.05	38.38
<b>Limited Scope:</b>														
MN Non-MSA AA	2	100.00	0.00	0.00	31.89	0.00	68.11	100.00	0.00	0.00	0.00	25.30	74.70	0.00
Minneapolis AA	0	0.00	0.00	0.00	10.82	0.00	86.31	0.00	2.87	0.00	0.00	10.46	85.67	3.88
Sarasota AA	0	0.00	0.46	0.00	16.05	0.00	55.86	0.00	27.63	0.00	0.14	16.26	62.87	20.73

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 2015 ACS Census information.

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

(Included)

**Table 4a. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2017			Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	1	20.00	0.00	0.00	7.85	0.00	76.47	0.00	15.68	100.00	0.00	7.96	73.07	18.97
Phoenix AA	0	0.00	4.55	0.00	18.85	0.00	34.69	0.00	41.91	0.00	3.02	14.80	35.36	46.82
Tampa AA	0	0.00	1.66	0.00	13.97	0.00	47.82	0.00	36.55	0.00	1.35	11.06	48.53	39.07
<b>Limited Scope:</b>														
MN Non-MSA AA	4	80.00	0.00	0.00	31.89	75.00	68.11	25.00	0.00	0.00	0.00	30.93	69.07	0.00
Minneapolis AA	0	0.00	0.00	0.00	10.82	0.00	86.31	0.00	2.87	0.00	0.00	9.43	87.78	2.79
Sarasota AA	0	0.00	0.46	0.00	16.05	0.00	55.86	0.00	27.63	0.00	0.07	13.50	61.00	25.43

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 2015 ACS Census information.

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

(Included)

**Table 5a. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2017		Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units** *	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	0	0.00	0.00	0.00	29.23	0.00	60.14	0.00	10.63	0.00	0.00	34.15	39.02	26.83
Phoenix AA	1	50.00	19.01	0.00	30.85	100.00	31.09	0.00	19.05	0.00	28.66	40.00	20.60	10.75
Tampa AA	0	0.00	1.80	0.00	17.39	0.00	50.03	0.00	30.78	0.00	3.51	23.68	49.12	23.68
<b>Limited Scope:</b>														
MN Non-MSA AA	1	50.00	0.00	0.00	89.92	100.00	10.08	0.00	0.00	0.00	0.00	75.00	25.00	0.00
Minneapolis AA	0	0.00	0.00	0.00	33.18	0.00	66.52	0.00	0.30	0.00	0.00	11.11	88.89	0.00
Sarasota AA	0	0.00	0.57	0.00	13.64	0.00	38.30	0.00	47.49	0.00	0.00	31.58	36.84	31.58

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 multi family housing units in the area based on 2015 ACS Census information.

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

(Included)

**Table 6a. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2017		Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*				
	#	% of Total**	% of Business***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp	
<b>Full Review:</b>															
St. Cloud AA	93	21.33	0.00	0.00	14.07	8.60	69.98	76.34	15.95	15.05	0.00	16.56	72.12	11.32	
Phoenix AA	157	36.01	6.55	10.83	16.20	12.74	28.22	29.30	48.47	47.13	6.46	14.22	27.04	52.28	
Tampa AA	74	16.97	2.47	6.76	15.02	8.11	43.84	52.70	38.67	32.43	1.52	17.32	44.74	36.42	
<b>Limited Scope:</b>															
MN Non-MSA AA	32	7.34	0.00	0.00	43.86	59.38	56.14	40.63	0.00	0.00	0.00	6.77	93.23	0.00	
Minneapolis AA	19	4.36	0.00	0.00	9.97	5.26	87.23	84.21	2.80	10.53	0.00	4.46	92.41	3.13	
Sarasota AA	61	13.99	0.47	0.00	19.32	16.39	46.80	50.82	33.41	32.79	0.35	18.60	39.11	41.93	

\* Based on 2016 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 (2017).

(Included)

**Table 7a. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2017		Geography: STEARNS BANK_2017						Evaluation Period: JANUARY 1, 2017 TO						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	57	48.72	0.00	0.00	2.33	0.00	90.91	98.25	6.76	1.75	0.00	10.66	88.60	0.74
Phoenix AA	0	0.00	5.77	0.00	18.90	0.00	29.24	0.00	45.71	0.00	5.24	10.84	38.46	45.45
Tampa AA	0	0.00	2.92	0.00	16.82	0.00	47.87	0.00	32.39	0.00	4.35	13.04	52.17	30.43
<b>Limited Scope:</b>														
MN Non-MSA AA	47	40.17	0.00	0.00	27.64	36.17	72.36	63.83	0.00	0.00	0.00	4.67	95.33	0.00
Minneapolis AA	13	11.11	0.00	0.00	5.28	15.38	93.66	84.62	1.06	0.00	0.00	14.17	85.83	0.00
Sarasota AA	0	0.00	0.72	0.00	18.77	0.00	50.07	0.00	30.43	0.00	0.00	13.79	41.38	44.83

\* Based on 2016 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 (2017).

(Included)

**Table 8a. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE 31, 2017		Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO DECEMBER				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>7</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>8</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	8	61.54	20.00	0.00	17.49	28.57	23.02	28.57	39.49	42.86	11.09	30.38	27.38	31.16
Phoenix AA	1	7.69	21.77	0.00	16.87	0.00	19.18	0.00	42.18	0.00	5.29	18.34	26.63	49.73
Tampa AA	0	0.00	20.32	0.00	17.36	0.00	19.30	0.00	43.02	0.00	3.24	16.20	24.02	56.54
<b>Limited Scope:</b>														
MN Non-MSA AA	2	15.38	23.40	0.00	22.23	50.00	22.90	0.00	31.47	50.00	9.21	30.99	26.46	33.33
Minneapolis AA	2	15.38	19.31	100.00	21.62	0.00	26.84	0.00	32.22	0.00	14.37	37.00	29.12	19.50
Sarasota AA	0	0.00	17.48	0.00	19.22	0.00	21.89	0.00	41.41	0.00	3.89	18.14	23.34	54.62

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 Families is based on the 2015 ACS Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 15.4% of loans originated and purchased by BANK.

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

(Included)

**Table 9a. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2017		Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>9</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	0	0.00	20.00	0.00	17.49	0.00	23.02	0.00	39.49	0.00	10.59	19.49	31.36	38.56
Phoenix AA	0	0.00	21.77	0.00	16.87	0.00	19.18	0.00	42.18	0.00	6.67	15.42	22.39	55.52
Tampa AA	0	0.00	20.32	0.00	17.36	0.00	19.30	0.00	43.02	0.00	6.51	17.58	21.84	54.07
<b>Limited Scope:</b>														
MN Non-MSA AA	2	100.00	23.40	0.00	22.23	0.00	22.90	100.00	31.47	0.00	7.41	19.14	30.25	43.21
Minneapolis AA	0	0.00	19.31	0.00	21.62	0.00	26.84	0.00	32.22	0.00	9.51	25.53	34.51	30.46
Sarasota AA	0	0.00	17.48	0.00	19.22	0.00	21.89	0.00	41.41	0.00	9.62	21.07	25.18	44.13

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 Families is based on the 2015 ACS Census information.

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

<sup>9</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(Included)

**Table 10a. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2017		Geography: STEARNS BANK_2017								Evaluation Period: JANUARY 1, 2017 TO				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sub>10</sub>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
St. Cloud AA	1	20.00	20.00	0.00	17.49	0.00	23.02	100.00	39.49	0.00	7.82	22.20	25.76	44.22
Phoenix AA	0	0.00	21.77	0.00	16.87	0.00	19.18	0.00	42.18	0.00	7.81	17.83	25.87	48.48
Tampa AA	0	0.00	20.32	0.00	17.36	0.00	19.30	0.00	43.02	0.00	6.90	16.66	24.40	52.03
<b>Limited Scope:</b>														
MN Non-MSA AA	4	80.00	23.40	50.00	22.23	25.00	22.90	0.00	31.47	25.00	9.72	26.78	28.67	34.83
Minneapolis AA	0	0.00	19.31	0.00	21.62	0.00	26.84	0.00	32.22	0.00	10.73	31.51	31.17	26.59
Sarasota AA	0	0.00	17.48	0.00	19.22	0.00	21.89	0.00	41.41	0.00	10.56	21.48	24.33	43.63

\* Based on 2017 Peer Mortgage Data -- US and PR

\*\* 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 Families is based on the 2015 ACS Census information.

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

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

(Included)

**Table 11a. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2017			Geography: STEARNS BANK_2017				Evaluation Period: JANUARY 1, 2017 TO			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*		
	#	% 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	
<b>Full Review:</b>										
St. Cloud AA	93	21.33	81.22	52.69	64.52	12.90	22.58	2,942	1,256	
Phoenix AA	157	36.01	87.74	24.84	67.52	17.20	15.29	122,068	50,165	
Tampa AA	74	16.97	89.36	10.81	94.59	1.35	4.05	28,503	13,708	
<b>Limited Scope:</b>										
MN Non-MSA AA	32	7.34	84.98	71.88	62.50	21.88	15.63	512	248	
Minneapolis AA	19	4.36	88.25	26.32	84.21	10.53	5.26	3,147	1,580	
Sarasota AA	61	13.99	91.12	26.23	95.08	4.92	0.00	14,793	7,198	

\* Based on 2016 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 - 2017).

\*\*\*\* 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 51.38% of small loans to businesses originated and purchased by the bank.

(Included)

**Table 12a. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2017		Geography: STEARNS BANK_2017				Evaluation Period: JANUARY 1, 2017 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
St. Cloud AA	57	48.72	97.82	84.21	89.47	7.02	3.51	272	140
Phoenix AA	0	0.00	93.86	0.00	0.00	0.00	0.00	303	113
Tampa AA	0	0.00	97.08	0.00	0.00	0.00	0.00	23	15
<b>Limited Scope:</b>									
MN Non-MSA AA	47	40.17	96.73	85.11	68.09	29.79	2.13	107	80
Minneapolis AA	13	11.11	97.09	76.92	84.62	15.38	0.00	120	56
Sarasota AA	0	0.00	97.23	0.00	0.00	0.00	0.00	29	13

\* Based on 2016 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 - 2017).

\*\*\*\* 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 10.26% of small loans to farms originated and purchased by the bank.

(Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS 31, 2017		Geography: STEARNS BANK_2017				Evaluation Period: JANUARY 1, 2017 TO DECEMBER			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
St. Cloud AA	0	0	15	347	15	347	37.92	0	0
Phoenix AA	0	0	5	185	5	185	20.22	0	0
Tampa AA	0	0	10	161	10	161	17.60	0	0
<b>Limited Scope:</b>									
MN Non-MSA AA	0	0	1	7	1	7	0.77	0	0
Minneapolis AA	0	0	4	47	4	47	5.14	0	0
Sarasota AA	0	0	10	168	10	168	18.36	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.

(Included)

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2017 TO DECEMBER 31, 2017								Geography: STEARNS BANK_2017				Evaluation Period:					
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
<b>Full Review:</b>																	
St. Cloud AA	95.40	2	50	0.00	50	50	0.00	0	0	0	0	0	0	0.00	12.65	71.66	15.68
Phoenix AA	100	1	100	0.00	0.00	100	0.00	0	0	0	0	0	0	11.08	22.91	31.29	34.41
Tampa AA	22.49	1	33.33	0.00	100	0.00	0.00	0	0	0	0	0	0	3.20	17.38	47.86	31.57
<b>Limited Scope:</b>																	
MN Non-MSA AA	2.72	1	25	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	38.72	61.28	0.00
Minneapolis AA	1.89	1	25	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	12.92	84.26	2.82
Sarasota AA	77.51	2	66.67	0.00	50	50	0.00	0	0	0	0	0	0	1.03	20.23	54.86	23.88

(Included)

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM 31, 2017				Geography: STEARNS BANK_2017				Evaluation Period: JANUARY 1, 2017 TO DECEMBER									
Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
St. Cloud AA	82.35	2	25	0	50	50	0	4	44.45	0	50	50	0	0.00	12.65	71.66	15.68
Phoenix AA	6.31	1	12.50	0	0	100	0	0	0.00	0	0	0	0	11.08	22.91	31.29	34.41
Tampa AA	1.66	1	12.50	0	100	0	0	1	11.11	0	100	0	0	3.20	17.38	47.86	31.57
<b>Limited Scope:</b>																	
MN Non-MSA AA	2.34	1	12.50	0	100	0	0	1	11.11	0	100	0	0	0.00	38.72	61.28	0.00
Minneapolis AA	1.63	1	12.50	0	100	0	0	1	11.11	0	100	0	0	0.00	12.92	84.26	2.82
Sarasota AA	5.71	2	25	0	50	50	0	2	22.22	0	50	50	0	1.03	20.23	54.86	23.88